G. R. S. IX-5]

Previous references.

1921.

97 File No. 82-19

Serial Nos. 5, 8, 11, 13

17—2025—32.

(97)

Later references.

Reserve
19.10.

GENERAL AND REVENUE SECRETARIAT.

P. 127 (E)

Serial Nos. 19

Part B for November 1921

SUBJECT.

Sales of Gold and Royalty paid thereon

WD 1838—GPE—16,926—23-7-21

GENERAL AND REVENUE SECRETARIAT.

(91)

NOTES.

File No. 8259

FILE HEADING.

Sale of Gold + Royalty

From

No.	Dated	Received
Diary No.	Enclos. Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

D 1380 94-82-9-4. 1

Note.

The gold produced by the South African and other Mines in the British Dominions which was required to be sold during the War to the Bank of England at the uniform rate of £3-17-9d ~~x~~ per ounce of standard gold is now permitted to be disposed of in the open market at the highest price of the day. One consignment from South Africa sold in the 3rd week of September 1919 is reported to have realised an average price of 99 shillings per ounce of fine gold, ~~wh~~ which represents a premium of about 16 per cent. over the pre-war price. It is not known if the Kolar Gold Mines have not been allowed the same freedom to sell their production for the highest price it can fetch. The companies would in all probability, have asked for the same permission as has been granted to the Mines in the other part of the ~~the~~ Empire and we are interested in ascertaining how the question concerning the disposal of the production of our Mines has been settled. If the gold is sold for a higher price the royalty due to us will be more than what we are now getting. Disposal of the production for the highest ~~pri~~ price that gold bullion now commands in the market would benefit ~~bothxxxthe~~ both the Companies and the Mysore Government. I have proposed in the draft put up to ask for information on the subject and it may be approved.

Dewan Thro'.
Fort. Member—

27-10-19

P.T.O

1280

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

2755.177
27.10.19

I agree to the issue of the Telegram proposed

Rael
28.10.19.

Draft approved by the Dewan.

Some abonee
only
30/10/19

XXX
18
30/10

5 To The Secretary / Treasurer
Messrs John Taylor & Sons Committee
Colombo.

RD No 2643. G. 7 82-19-5. D. 31-10-19.

requests to be informed as to whether the Kolar Gold mining Companies have not asked for permission to sell their production in the open market as in the case of S. African mines and how this question is settled and what the prospects are of getting for the yield of the Kolar G. mines the premium which Gold bullion is now commanding in the market.

NOTE—Contn. sheet.

1548 3

G. R. S. III-2]

General and Revenue Secretariat.

42 File No. 82 of 1919

Serial No. 8

From the Ag. Secretary & Treasurer Letter d. 5.11.19. with reference to Sl 6- States that the matter has been referred to John Taylor & Sons' Committee & their reply sent in communication in the terms and ~~States~~ that the only amplification ~~of the memo to John Taylor~~ their letter dated 5th July 1919 is that the arrangement holds good for a period of 12 months ending 14.6.1920.. and further suggests that on account of substantial increases in the "working Costs" under 'Labor & Materials" that the Sale of approximately one half of the Gold output is not Sufficient to make further payments to India. Subs for orders.

Doctr 4/4. Jesus 18/5/19

15/5 15/11.

I request reference to para 1 of my note dated 18th August 1919. The chief object of our proposal to ask for a copy of the agreement entered into by the Companies with the Government of India, was to ascertain how the price of Rs.55-8-0 per standard ounce had been calculated. The reply -- from

U linked file

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | G. R. File No. 82 of 1919.

Serial No.

P.W.D.

from Messrs. John Taylor & Sons Committee received on 5th November 1919 states that "no agreement was entered into with the Government of India, the settlement arrived at being embodied in letters" and that the details of the settlement have already been communicated to Government through the Comptroller.

2. The Government of India have been selling gold under a system of competitive tenders, the minimum rate being Rs.23-14-4 per tola which is equivalant to Rs.15 per £ sterling. At Rs.23-14-4 per tola of fine gold, the silver value of an ounce of standard gold is Rs.58-5-0. Gold bullion is, however, commanding a high premium and tenders for purchase of the gold offered by the Government of India are therefore received at rates much higher than the minimum rate and at the last sale held by them on the 17th November 1919, the Government of India realised an average rate of Rs.27-0-11 per tola of fine gold on a total sale of 5,18,500 tolas At the rate of Rs.27-0-11 per tola, the price of a standard ounce of gold is Rs.66. The actual market price for gold is even higher. The price of Rs.55-8-0 is therefore less than what it should be even at the minimum rate of Rs.23-14-4 per tola -- and much less than what the Government of India -- are actually getting by selling gold in the market The present acquisition rate is no doubt less. But this rate applies only to <u>imported</u> gold and the rate at which the Government of India are buying the Kolar gold is not at the compulsory acquisition

NOTE—Contn. sheet.

Serial No.

rate . How in these circumstances the rate of Rs.55-8-0 was offered by the Government of India and accepted by the Companies, it is difficult to understand.

3. We have of course to presume that the -- Companies would sell their gold only for the best price that can be had for it, and if they accept under any circumstances, a lower price than what can be got for it, the loss is shared by them as well as by the Government. As I have stated above it is not easy to see how the price of Rs.55-8-0 has been fixed and why the Companies have consented to forego the advantage of the premium which they can certainly obtain by selling their production in the open market. If the Companies have agreed to accept a lower price there should be some reason for it. As a matter of fact, the Gold Mining Companies in British Colonies like South Africa and Australia have been permitted to sell their production in the open market for the best price that can be obtained for it and they are no longer under any obligation to sell it to the Bank of England at the old uniform rate of £3-17-9 per ounce. Some of these Companies are reported to have realised in their recent sales, as much as 101 shillings per ounce. The Kolar Companies are still selling half their gold in England at the old rate of £3-17-9 per ounce and we have made an enquiry on this point in our letter No. F 1896 dated 10th Sept. 1919 . We may make a similar enquiry

B+C

NOTE—Contd. sheet.

G. R S. III-2]

General and Revenue Secretariat. | G. F. File No. 82 of 1919.

Serial No.

enquiry in regard to the sales to the Bombay Mint and unless we know how the rate of Rs.55-8-0 is fix ed, we shall not be in a position to decide how we should safeguard our interests.

4. Our right under the lease to ask for informa -tion relating to the rates at which gold is sold is a relevant point to be considered in this connec- tion and the clause in the lease bearing on this subject is as follows:

"AND ALSO WILL immediately after any sale of "the said gold metals, metallic ores, previous -- "stones coal and other substances give to the Les- "sors or their agent or agents a return of the -- "prices for which the same respectively shall have "been sold and if required the names of the purcha "sers thereof."

indent file D (clause 15)

This clause gives us the power to ask for particulars of the prices for which gold is sold and of the name of the purchasers of it. Why a particular price is accepted is of course a matter for the Companies primarily but we are also interested in it, espe- cially when, as I have stated above, the price accepted is different from what we should expect it to be. Moreover, the Secretary & Treasurer, of Messrs. John Taylor & Sons Committee states in the last para of his letter dated 5th November 1919 that his "Committee.....particularly "desire that the Government should be kept fully "informed on these points." Under these circumsta -ces our enquiry for more particulars in regard to the

P. W. D

NOTE—Contn. sheet.

Serial No.

the price at which half the production is sold in India will not be misunderstood by the Companies and I put up a draft asking for more information.

5. The reply to our reiterated request for payment of the whole royalty and the price of power in India is that, as the working costs under Labour and materials have increased substantially and as only one half of the output is sold to the Government of India, the Companies cannot pay us in India more than the royalty calculated on one half of the net sale proceeds. This reply suggests the enquiry why if the Indian sale of one half of the output does not suffice for paying us the whole royalty, and the price of power in silver, a larger fraction of the output cannot be sold to the Government of India to comply with our request. I have included this enquiry also in the draft put up.

6. What should be the future arrangement for payment of royalty and the price of power is a very important matter, but it cannot be considered in the absence of information which I have proposed to call for in the draft put up.

7. In the meantime, however, it is well to consider one point. The price for which the Companies are now selling gold both in India and in England is much less than what can be obtained for it and they have not told us why they have not asked for and obtained the freedom for disposing of it to the best advantage as the South African and Australian Mining Companies are doing. If they can give us

G. R S. 111-2]

General and Revenue Secretariat.

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Serial No.

us our royalty in bullion, we can arrange for its sale through the Government of India ~~x~~ or otherwise and get its proper market value. The Companies are not now getting the benefit of the premium ~~of~~ on gold, which goes to the Government of India and the British Mint. The payment to us of royalty in bullion does not put the Companies to loss, while it enables us to save the loss to which we are now compelled to submit by the arrangement under which the Companies are parting with their production for less than its proper price.

8. The payment in bullion of royalty is not ~~co~~ contemplated in the lease and the relevant clause in it runs as follows:

"AND ALSO YIELDING AND PAYING a royalty of "Five per centum upon the net sale proceeds of all "gold metallic ores coal and other substances of a "saleable or merchantable nature found on the min-"ing block which shall have been crushed dressed - "and made merchantable by the Lessees."

This clause provides for the payment of 5 per cent. of the <u>proceeds of sale</u> of gold, but I think, we may in view of the circumstances stated above, suggest the payment of $\frac{1}{20}$ th of the output itself instead of that fraction of the sale proceeds. This suggestion presents no practical difficulty and in fact, it largely simplifies the -- calculation as the payment required will be a share of the output itself and its sale need not be a factor in the calculation at all. Our share of the output

Serial No.

output representing the royalty payable under the above clause may be made over by the Companies to the Government of India and we may request the latter to sell our gold along with theirs or if this arrangement is not suitable, we may consider some other method of disposing of it to the best advantage. Whether this suggestion is feasible or not has to be ascertained and I have therefore asked for information on this point also, in the draft put up. It is a fact that we are put to loss by the arrangement under which the Companies are selling their gold for less than its market value--even its statutory value--and we should try evey means to save such loss.

9. The second item of royalty consists of an amount calculated on dividends declared and payment in bullion cannot be suggested in respect of it. The price for power is fixed in pounds sterling and the suggestion of bullion payment cannot apply to it also. The draft therefore suggests bullion payment only in regard to the 5 per cent. of output

DEWAN thro' First Member.

29-11-19.

3631-19. 4.12.19.

The draft seems suitable & I have initialled it.

11.12.19

(Dewan)

Vide Dewan's order on draft. 15/12

DEWAN'S, OFFICE.
Rd. on DEC 15 1919
No. 4083

Note—Contn. sheet.

207.

10

G. R. S. 111-2]

General and Revenue Secretariat.

File No. 82 of 1919.

Serial No.	
11	To the Secy Treasurer Messrs John Taylor & Sons Committee Coregaum No 3739 82-19-4 D 19.12.19 requests to know the rate of Rs 5-5-8 per Standard ounce has been fixed and that companies may be asked to pay royalty of 6% in bullion instead of from sale proceeds
12	From the Ag Secy Treasurer No 82-19-12. Letter dated 20.12.19 ~~States that~~ acknowledges receipt of Letter No 3739 82-19-4 D 19.12.19 & states that it will have their attention Put up a week hence. Subd for perusal MKV 26/12. 18 3.1.1920. 24/12
13	Letter Dated: 7.1.1920 From John Taylor and Sons Committee Coregaum with reference to Cl. 5 ~~states~~ forwards an Extract from Mr. Edgar Taylor's speech at an Extra ordinary general meeting of the Mysore Gold mining Co: held on 4.12.19. and regret that they cannot entertain the Durbar's Suggestion that royalty should be paid in Bullion and

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | G 2 File No. 82 of 1919.

Serial No.

and that a larger share of the output should be sold in India

Subsidy,

1926 15/1/20

10½ 20 Hesing) 18 10.1.20

12/1

We raised the following points:

(1) Why half the gold of the Kolar Mines is still sold in London at the old rate of £3-17-9 per standard ounce instead of at its proper market value, which is now about 100s. per ounce.

(2) Why the sale of the other half in India is at Rs.55/8 per ounce, when it should be much more in view of the large premium gold is commanding in the Indian market.

(3) Payment to us of the 5 per cent. royalty calculated on output in the form of bullion instead of in currency. We proposed this to get the proper market value for our share of gold, a

(4) Payment to us in India of the whole royal instead of only one-half from the proceeds of th sale by the Mines to the Mint at Bombay, of a la ger share than one-half of the output.

2. The Communication dated 7th January 1920 now received contains answers to all the points though our letter dated 19th December 1919, in which points 2, 3, & 4 were raised, is stated be still under reference to Messrs. John Tayl & Sons, London.

NOTE—Contn. sheet.

Serial No.

3. The answer to point (1) is that the Companies have entered into an agreement with the Bank of England to sell the Kolar Gold at the regulation price of £3-17-9 per ounce during the War and -- "until one year after the termination of the War". The Companies are therefore powerless, to help themselves or us. The Mining Companies in other British dominions have been released from their contracts with the Bank of England and permitted to sell their gold in the open market. Why the Indian Mining Companies have not been similarly released is not clear and in any case, we have to lose with the Companies, until the latter get the freedom to dispose of their production in the open market -- and for the best price that can be had for it from time to time. In the meantime the benefit goes to the Government of the United Kingdom.

4. The answers to points 2, 3, & 4 are similar and the Companies state that the Government of -- India have permitted them to sell only one half - the production in India and that at a very low rate as compared with the market value of gold and under the existing arrangement , they can neither - give us any share of royalty in gold, nor realise a better price for gold nor give us more than onehalf of royalty in rupees in India. Thus the Indian arrangement is also against the Companies and us and the Government of India are making a large profit at the expense of both. There is however no help - until the Companies get freedom to sell their production

Serial No.

production for the best price that can be had for it.

5. How the position will be altered by the publication of the Currency Committee report which is imminent and by the action taken by the Government of India to define the relation between rupees and gold or pound sterling, it is not now possible to say. In the meantime it does not appear to me that any useful further action can be taken in the matter. The letter now under consideration may be acknowledged with thanks for the information furnished by it and we may add that we hope that the present arrangements under which the sales in England as well as in India are disadvantageous both to the Companies and the Mysore Government will be terminated as early as possible, and that in the new arrangements to be made, the request of the Mysore Government for the whole royalty being paid to them in India and for the royalty being paid in bullion if the payment from sale proceeds is disadvantageous to them will be kept in view.

Dewan Mew
First Member)

16/1/20

18/1/11

4564-72
19-1-20

Secy. The matter was discussed with me by the Finl. Secy. as I had read the previously Speech under reference as published in an issue of the Madras Mail. I am afraid that not much can be done as matters stand. I am hoping to meet Mr. Henry Taylor who is at present

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

2214

G. R. S. III-2]

14

General and Revenue Secretariat.

Serial No.

Finance File No. 82 of 1919

DEWAN'S OFFICE.
Recd. on JAN 21 1920
No. 48

in Iraq & if possible I shall discuss this matter with him & see if he has any thing further to say about it.

Rail
20.1.20

Dewan)

Lees
23.1.20

26/1

DEWAN'S OFFICE.
Recd. on JAN 27 1920
Reg. No. 5079

Pray in the meantime the reply proposed in para 5 of my note of 16/1/20 seems ?

Dewan)

Jmk
26.1.20

I see no objn. to this 26/1

Lees
27.1.20

Jmk
Jmk
25.1.20

15/1

Submitted draft note

30/1/20

1/2

In view of the currency Commission report and the action taken thereon by the G.O.I. it would be appropriate if the request for advance of payment in India is agreed to by the Companies.

Jmk 5/2/20

NOTE—Contn. sheet.

2170
3/2

2625 15

G. R. S. III-2]

General and Revenue Secretariat.

Ep File No. 87 of 1919.

Serial No.	
14	To Dy Secy / Treasurer Messrs Johns Taylor & Sons Bombay Amritsar No Fl. 4700. Dated 7.2.20 Acknowledges their letter Dt. 7/1/20. and Expresses the hope that the present arrangements under which the Sale of Gold in England as well as in India is disadvantageous both to the Company as also to the Durbar will be terminated as early as possible.
15	From Dy Secy / Treasurer Messrs John Taylor & Sons Letter dated 2nd Feby 1920. acknowledge the letter sent in the previous serial. under Secy's orders 'Place in file' This has been placed in the file 18/6/2

Subd
18/2/20

14/2

NOTE—Contn. sheet.

14/2

D 2566.

G. R S. III-2]

16

General and Revenue Secretariat.

97 File No. 82 of 1919.

Serial No.

16

I invite reference to the cable(copy appended)from London appearing in the Newspapers of the 4th instant, regarding the Indian Gold Production. We are much interested in the result of the negotiations between the Kolar Gold Mining Companies and the Bank of England and it will help us in our forecasts of revenue from gold royalty, if we are kept informed of the progress of the negotiation, for obtaining the proper price for the gold produced by our Mines. I accordingly put up a draft asking for information.

DEWAN'S OFFICE.
Read. on FEB 12 1920
Reg. No. 5556.

5103-178.
7.2.20.

Dewan thro'
First Member.)

6.2.20

The draft appears to me suitable. Mr. Henry Taylor is expected to visit the K.G.F some time next month & I shall be if I cannot be & have a talk with him over this matter. If possible I shall ask the Dist. Secy also the president of the Assn

10.2.20

13.2.20

11.2.20

13.2.20

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

2659 / 2700

17

Q+ File No. 82 of 1919.

Serial No.	
7	To the Secy + Treasurer Messrs John Taylor + Sons Committee Coorg No 7l. 4944. Q+ 82-19-17 d: 16-2-20 requests to be informed of the progress of negotiations referred to in the Cable d: 30.1.1920. re the arrangements for disposal of the gold produced in Kolar mines and also whether the present arrangement may be terminated and what improvements may be effected
16	From the Secy + Treasurer Letter Dated 17. 2. 20 States that all official communications received from London managers with the above matter of the arrangement for the disposal of gold will be promptly despatched for reference and that pending receipt of the information from London managers they are unable to express opinion as to state when the present arrangement terminates. Subd to Hl Secy. Subd for information 22.2.20 23/2 Dewan Hon'ble First Member Secy 24.2.20 The reply is unsatisfactory. I should like to see the agreement about Kolar Gold. H 25-2

77
24/2/20

2404
24/2

NOTE—Contn. sheet.

2418
25/2

Serial No.

Hag D.

A form of the lease is put up.

2. The clauses relating to the payment of Royalt are Nos. 7, 9 and 15. Royalty consists of t w o parts: (1) 5 % on net sale proceeds, and (2) 2½ % on dividends.

3. There are two points to be considered in connection with the payment of Royalty: (1) place of payment, and (2) currency of payment. The place of payment is not mentioned in the lease. The practice under which payments of Royalty are being made in London is the result of an understanding between the lessors and the lessees. The currency of payment is not also specified in the lease. The practice according to which payment is being made in sterling in London is due to the arrangement under which the Mines are selling their production to the Royal Mint there.

4. Half the production is sold by the Mines i India to the Government of India and the price at which gold is sold to them is Rs55-8-0 per stand ounce. The other half is sold to the Mint i n London at the rate of £ 3-17-9 per standard ounc The agreement of the Mines with the Government of India for the sale of half the production a t -- Rs55-8-0 per ounce is for a period of one year ending with May next. What is exactly the period for which the Companies have contracted to sell t h e other

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

Serial No.

other half to the Mint at London at the rate of £ 3-17-9 is not known as no definite information in this respect has been furnished by the Companies.

5. The arrangements for sale, both in India and in England, are decidedly disadvantageous to us. The price at which the Government of India are buying the Kolar gold is neither the statutory rate of Rs.15/- for a sovereign equivalent to Rs.23-14-4 per tola nor the varying market rate which is much higher. At the statutory rate the price per standard ounce should be about Rs.58-8-0 and not Rs.55-8-0. At the market rate the price should be more. Again, the price at which half the production is sold to the Mint in London is £ 3-17-9 per standard ounce which is equivalent to 84 s. 11½ d. per fine ounce. The present market price of a fine ounce of gold is as high as 117 s. 6 d. It is difficult to understand how the Companies have entered into agreements resulting in serious loss which has to be shared both by them as well as by us. With a view to find out what exactly were the conditions of the arrangement with the Government of India for the sale of half the production in India, we asked the Companies to give us a copy of the agreement containing the conditions of sale. We did not, however, get any satisfactory answer to this enquiry:

vide

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

Serial No.

Flag A.

Flag G.

Flag H.

vide our letter dated 10th ~~October~~ September 1919 and their reply dated 15th ~~November~~ September 1919. Again, we pointed out that as the gold Mines in other parts of the Empire were disposing of their production in the open market for the best price that could be got for it, there was no reason why the production of the Kolar Gold ~~Mines~~ Fields should not also be sold for the highest price that could be got for it. The reply ~~received~~ to this enquiry was not also satisfactory. The explanation offered by the Companies is that under the agreements entered into by them both with the Government of India and the Mint in London, they have to part with their production at rates below market prices; but the point which is not clear is why they made such agreements at all or why they cannot get released from the contracts.

6. The Gold Mines in other parts of the Empire were under a similar obligation during the War to sell their production to the British Mint at the regulation rate of £ 3-17-9 per standard ounce. But they were released from this obligation so far back as July last. In the annual Financial and Commercial Review published by the London Times and received here on the 19th instant appears the following statement. ~~[illegible]~~ --

Agreement with producers.-- "Negotiations were also opened up between the pro-
"ducers of gold and the Bank of England acting for

the

NOTE—Contn. sheet.

Serial No.

"the Treasury and in July an agreement was reached "by which the Transvaal Rhodesian, West African, and "Indian gold producers were allowed to sell their "gold as it was produced in the open market, the "arrangement being that the gold, if it failed to "find a buyer in the market after six weeks of its "arrival, should be sold to the Bank at the Mint "price." According to this statement the Kolar Gold Mines have the freedom to sell their production an the open market for the highest value that can be got for it. How in spite of ~~their~~ this freedom they are selling their production at very much less than the market rates both in India and in England, it is difficult to understand. The above statement appearing in the Times cannot also be reconciled with the explanation of the Companies that they are under a contractual obligation to sell their output to the Government of India and the Mint in London for prices very much less than what the market can pay for it.

7. There is another aspect of this question to which it is necessary to invite attention. Because payment is made in London, we are faced with the problem of bringing over the money to India. This problem has become complex on account of the extremely unstable condition of exchange which is moving more and more against us. The present rate

is

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-19—S.

Serial No.

is in the neighbourhood of 2sh. 11d. and if we arrange for a remittance of our funds from London by means of Council Bills or Exchange Bank drafts, we shall get less than Rs.7/- per pound. The alternative of importing coin itself naturally suggets itself to save the loss on exchange. But the export of gold is controlled by the Government of the United Kingdom and private imports of gold into India are prohibited by the Government of India. Exports of gold from England are being permitted under license and very large quantities of it are being brought to India by the Government of India themselves. There is no reason why the Government of Mysore should not be permitted to bring their balance to India. It is true that what we hold in London is only sterling credit. But this credit can, I think, be converted into gold as currency is not legally inconvertible in England and the Bank of England has not suspended gold payments. A few days back, I wired to Messrs Coutts & Co. through the Comptroller enquiring if our balances can be converted into gold pounds for disposal at our option. The reply received from the Bankers shews that there is likely to be no difficulty in obtaining gold but that only the permission of the Home Government is necessary for its export. There is another reason why our

Flag S. in linked file.

NOTE—Contn. sheet.

request

G. R. S. III-2]

General and Revenue Secretariat.

G.F. File No. 82 of 1919.

Serial No.

request for the conversion of our sterling credit into gold should be considered perfectly reasonable. As I have stated above, the gold produced by the Kolar Mines is being sold in London at the rate of £ 3-17-9 per standard ounce. This rate is the Mint price and represents the bare coin equivalent of an ounce of standard gold. When the Mint purchases gold for its coin equivalent, the request for payment of sale proceeds in coin cannot be held to be unreasonable. As for the prohibition of the import of gold into India, it seems to me that the Gold Import Act under which the Government of India are compulsorily acquiring all gold coming to India cannot strictly apply to consignments of the Mysore Government and even if it applies, the Governor-General has the authority under the same Act to exempt the imports to Mysore from the operation of the law. This question has been raised but no answer has been received though the matter has been before the Government of India for over four months.

Hags 24 V.

8. If the difficulties in the way of export of gold from England and its import into India are insurmountable, the question arises why we should permit the part of the production of our Mines representing the Royalty payable to us to be exported at all, when the export imposes

such

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

Serial No.

such great disabilities on us and puts us to substantial loss. The best solution, in such circumstances, would be to ask the Mines to pay our Royalty in India in gold bullion so that we might get for it its proper market value. Payment in bullion was suggested to the Companies but they stated that until their present contracts with the Government of India and the Mint in London were terminated, they could not consider our suggestion

Flag Z. Please see our letter No, Fl.3739 dated 19th December 1919 and their reply dated 7th January 1920

Flag Y.

9. The above paragraphs explain the present position and the action taken so far. We are losing heavily from the arrangements for disposal of gold made by the Companies and the prospect of our getting the premium which the Indian market is willing to pay for gold is also being lost, as owing to the large sales of gold by the Government of India the premium is fast decreasing. As the consequence of such sales, the price of a sovereign which was once as high as Rs.20/- has now been brought down to Rs.15-4-0. As a result of the recommendations of the Currency Committee and the action that is being taken by the Government of India on such recommendations, the price of gold may even fall below Rs.15 per sovereign and the statutory rate may also be reduced to Rs.10/-

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

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Rs.10/- per sovereign. In such circumstances, it is necessary to request the Companies to pay in India our Royalty in bullion, if they cannot dispose of their production for the best price and give us our Royalty calculated upon such price. It is undesirable to allow any delay to occur as the price of gold is falling as the result of the fortnightly sales of large quantities of gold by the Government of India.

(First member) 26.2.20

Perhaps it will be better if the mining companies are asked to make such representations as they consider necessary to the Government of India. If the Government agree to such a request it will only delay matters a week to any tangible result as our experience has shown.

28.2

Dewan 28/2/20

I have no objn.

29.2.20

G. R. S. III-2.

General and Revenue Secretariat.

File No. 47 of 1919.

Serial No.

D 2

Attention is invited to Mr. Edgar Taylor's speech at the shareholders meeting on 29th January 1920 of the Champion Reef Coy. This speech shews that the difficulties in the way of disposal of the production of the Mines for the best price that can be had for it in the open market have been caused by the Bank of England and that the Companies are anxious to release themselves from their contract with that Bank so that they may sell their gold for the highest price that can be got for it. Our position in respect of Royalty and power revenue is considered in the linked file.

9.3.20

First Member.)

5-236
12/3/20.

a draft letter with reference to banking. with the question the Government will be prepared to discuss buying & meeting between the Mining Rs of Mysore may perhaps suggest they may [illegible] Rs in Rupees

41.3.

Note—Contn. sheet.

2630
[illegible]

G. R. S. III-2]

General and Revenue Secretariat.

G. 7 File No. 82 of 1919.

Serial No.

I put up a draft.

Half the royalty is being paid in rupees since may last. The agreement under which half the gold is sold to the Govt of India terminates in may next and we should know the lines on which the next agreement is going to be made so that we may take the necessary steps to safeguard our interests.

The linked file in which I have put up a note examining the sterling revenue position of the Electrical and Mining Depts has not been perused and I have therefore resubd it.

COS 15/3/20.

(Asst Member) (2.3.20 18/3/2

Asst returned with one slight addition. 14.3

Name formed them. Kindly furnish me spare copies of all your notes & Rep. comp. (in duplicate) for a personal file 4 14/3

Member) M... 18/3/3

yes 17.3.20

NOTE—Contn. sheet.

General and Revenue Secretariat.

92 File No. 82 of 1919.

Serial No.	
20	To the Secy & Treasurer Messrs John Taylor Sons & Co Limited Calcutta.

No. H 5797. D 17. 3. 20

acknowledges letter D: 5.2.20. Enquiries with Edgar Taylor Speech at 91 meeting of Chrs & Reps and suggests meeting at an early date between Chairman of the mining Board of 18 members of Council for discussion of certain important points noted in the P.T.D. letter. and Enquires what place & date will be convenient for the meeting.

From the Secy & Treasurer Messrs John Taylor & Sons Limited Calcutta

Letter dated 22.3.1920.

States that Mr Henry E Taylor will be pleased to meet the 1st member sometime about the close of this month when he be in a position to give Mr Banerjee definite information

P.T.

NOTE—Contn. sheet.

3147

29

G. R. S. III-2]

General and Revenue Secretariat.

G. S. File No. 82 of 1919.

To be sent with file

Serial No.

The attached letter received from the Secy and Treasurer, messrs John Taylor and Sons, Committee Bengal is sent for information. It will be acknowledged as in the draft put up.

Dewan Hon
Just number. Secy.

24.3.20

The Secretary, may be issued accordingly.

24.3

DEWAN'S OFFICE.
Recd. on MAR 27 1920
Reg. No. 6639

Seen
27.3.20

Done
29.3.20 Today

30/3/20

To the Secy & Treasurer John Taylor & Sons
No Dl 7056 G.7 82-19-26 d: 31.3.20.

26 Acknowledges receipt of their letter d 22.3.20 & states that intimation of the results of the favourable conclusion of negotiations with the Bank of Engd and of the date which will be convenient to Mr Henry C. Taylor for meeting Mr A.R. Banerjee will be awaited.

NOTE—Contn. sheet.

G. R. S. III-2]

30

General and Revenue Secretariat.	File No.	of 191

Serial No.

I herewith send a draft letter to Mr. Taylor, as instructed

Draft
14.4.20

FIRST MEMBER.)

Fair copy of the letter signed by the 1st Member is put up.

15/4/20.

Letter to Mr. Henry C. Taylor was issued on 15th April 1920.

16/4

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | A. & C. File No. 82 of 1919. | 31

Serial No.

Note on points discussed at the meeting bet. the first Member and Mr Taylor are put up. Further action may be taken after the formal advice of the new arrangements for sale of gold is received from the Comptroller

22/4/20

Dewan Bros
First member.

P.S. I believe the question relating to 'Concessions' was discussed with Mr Taylor after I left the meeting to see the Resident. The result of this discussion may have to be included in the 'Note'

22/4/20

This may be submitted to the Govt

16/22/4

The cheque is called for at present only the Currency Rupees will be credited

Dewan

Secy

23/4

RD. 6.20

NOTE—Contn. sheet.

G. R. S. III-2]

3147
3995 32

General and Revenue Secretariat.

97 File No. 82 of 1919.

Serial No.	
27	To the Secy & Treasurer, Messrs. John Taylor & Sons Committee, H C 64 d/30.5.20 requests when a formal Communication on the change of arrangements for the ~~sale of gold~~ may be expected
28	From the Secy & Treasurer, Messrs. John Taylor & Sons Committee, letter dated 31.5.20 send the information called for in the above Serial

Secy
Fin
3/6/20

Messrs)

4.6.20.

According to the arrangement now made ~~75~~ p.c. of royalty will be recd in India & 25 p.c. in London.

2. We have now to press for part of power revenue also in India. As regards the price for power attention is invited to the notes of discussion with Mr Taylor

Secy
23/6/20

Secy
for
First member)

279
25/6

If the 75 p.c. 2/3 rds will be in Indian Currency & 1/3 in Sterling rate

a draft letter is herewith

2. If Hon'ble agreeable

with a final ~~letter~~ telegram for 14th inst.

Note—Contn. sheet.

3995. 83

G. R. 3. III-2]

General and Revenue Secretariat.

G. & File No. 82 of 1919.

Serial No.

Draft letter to messrs John Taylor and Sons Committee and D & N are put up. There has been some delay in submitting them as the old correspondence on the subject to which it was necessary to refer could not be had got soon.

Dewan)

26/8/20

Record Dept
attached also
GSR 2
3c. 8

DEWAN'S OFFICE.
Recd. on AUG 17 1920
Reg. No.

NOTE—Contn. sheet.

P.T.O.

Submitted to His Highness.

During the War, currency in England became practically inconvertible and gold began to sell at a premium, or in other words, sterling became depreciated. The Kolar Gold Mines, however, continued to sell their gold to the Bank of England at the regulation rate of 85s. per fine oz. although the market rate was much higher - at one time as high as 127½s. per fine oz. The result of this arrangement was that the amount of royalty paid to us in depreciated sterling was much less than what it should have been, had the gold been sold for its proper market value and the Financial Secretary raised this question in his note dated the 27th October 1919 and the matter has been under correspondence with the Companies since then. It has been ascertained that the companies were under a contract to sell their gold to the Bank of England at the regulation rate and that they obtained a release from this obligation partially in May 1919 and were able to obtain a slightly higher price for half their production sold to the Government of India. This arrangement terminated in May last having been in operation for a year; it has now been superseded by a revised arrangement which has been concluded and has effect from 14th May last. All the questions that arise in this connection under the contracts according to which the different items were payable, are explained at length in the Financial Secretary's note dated the 26th February 1920. On the 28th February, I noted on the case as follows:-

"Perhaps it will be better if the Mining Companies are asked to meet Government to discuss this important

important question."

"If the Dewan agrees, arrangement may be made for such a discussion, as I fear, correspondence will only delay matters and not lead to any tangible results as past experience has shown."

2. With the approval of the Dewan, I met Mr. Henry C. Taylor on the 20th April 1920 and informally discussed the points with him. Notes of discussion are flagged.

3. The points that arise for consideration are the following:-

(1) payment of royalty in India,
(2) payment of price of electric power in India, and
(3) revision of the rate per Horse Power of electric power supplied.

4. We have long been pressing for the payment of both royalty and the price of electric power in India and the companies have so far pleaded inability to comply with our request. During the year ending with 14th May last, they paid us half the royalty on gold in India corresponding to the proportion of their output sold to the Government of India. According to the new arrangement communicated in letter dated the 31st May 1920 from Messrs. John Taylor & Sons Committee, the Companies receive in India sale proceeds of three-fourths of their production and in view of this it is proposed to ask them to pay us three-fourths of the royalty in India. The balance of one-fourth may continue to be received in London for the present and utilized towards our sterling expenses.

5. The object with which the Companies have arranged to receive payment in India is to meet their Indian working expenses. One of the chief items of these expenses is the price of electric power payable to us and it is proposed

proposed to ask the Companies to pay us this item also in India. At the time that the agreements with the companies were executed in regard to the payment of price of power, sterling in which the price was fixed, was fully and freely convertible and exchangeable into rupees at 1s.4d. The price of gold was also at the regulation rate of 85s. per fine oz.

6. All these conditions have now changed with the result that the rupee equivalent of our sterling revenue has undergone a substantial shrinkage. The price of power was fixed in sterling because the Mines were selling their gold in London and its payment to us there was convenient to them and entailed no financial loss on us. Now that the companies receive three-fourths of the sale proceeds in India it is only natural that they should pay us the price of power also in India. Payment in India raises the question of exchange and it is only reasonable to claim that we should receive in India in rupees the amount which it was really the intention of the contract to give us. As prices and wages have gone up the cost of production of power has considerably increased. The mines took electric power in lieu of steam power which they were generating from fuel and which was costing them £30 per Horse Power. They would certainly have had to pay much more now, taking only the single factor of the increased price of fuel. The high rate of exchange is altogether an adventitious factor which ought not to adversely affect our interests. The use of electric power has enabled the companies to save operating expenses and if they should pay us for power at the present rate of exchange we would receive at £10 per Horse Power Rs.100 instead of Rs.150. It was certainly not the intention of the contract to give us only Rs.100.

It was unfortunate that the price was fixed in sterling but there could be no doubt of the real intention. It was a period of stability of exchange and nobody had any misgiving in regard to the silver yield of the rate fixed in sterling. It would be unfair if the companies took advantage of an unforseen factor now and reduced the price which it was really the intention of one party to give and of the other to receive. All these points are raised in the draft put up, and I solicit His Highness's gracious approval for its issue.

Draft for approval

30.8.20

38

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Draft letter to Messrs. John Taylor & Sons Committee, Oorgaum, on the payment of royalty and the price of electric power in India instead of in London.

322

Order.

~~KRW~~

2/9/20

Financial sec

4.9.

4.9.20

3995
1464

G. R. S. III-2.

General and Revenue Secretariat.

Q 7 File No. 82 of 1919.

Serial No.	
29	To the Secy & Treasurer, Messrs. John Taylor & Sons Committee, oorgaum, K.G.F., No. 7E 1863 dt 7.9.20. refers certain points on the question of the payment of royalty & the price of electric power in India instead of in London.
30	From the Secy & Treasurer, Messrs. John Taylor & Sons' Committee, oorgaum, letter dt 10.9.20 acknowledges receipt of 8E 29 & states that a copy of it was despatched to Messrs. John Taylor & Sons for their Consideration & instructions; and that a cablegram was received from their London Managers on this side instructing their Kolar Supdt to pay the whole of the Royalty due to Govt on the total production of gold from 1.9.20.

Secy 7/9/20

Fin. Secy's remark on para 3 of P.W.D.
"This follows from the arrangement for the sale of gold"
(Intd) M.M.K. 11/9/20

Intd V.N. 13/9

May this be submitted for the orders of 1st member and Dewan?
13/9

13/9 for 13/9 M Grey

1060
14/9

NOTE—Contn. sheet.

1464

G. R. S. III-2.

General and Revenue Secretariat.

G. O. File No. 82 of 1919.

Serial No.

in our letter dt 7-9-20

The Companies receive in India 3/4 ths of the Sale proceeds of their gold & we accordingly asked them to pay us here 3/4th of our royalty. In the letter of messrs. John Taylor & Sons Commissioner now received it is stated that the Companies will pay us from 1-9-20 the whole Royalty in India in stead of only 3/4 ths.

A copy of this letter will be sent to Comptr. for information.

The Company's reply to the more important, re payment of price of gold in India and the adoption of Rs 15 per £ for the sterling rate contemplated in the Contract will be awaited —

mnk 14-9-20

Dewan Thro' First Member)

mnd

23²/14/9

DEWAN'S OFFICE.
Recd. on SEP 20 1920
Reg. No. 2688

Sir M. It is satisfactory so far as payment of royalty is concerned.

Reed 19.9.20

Dewan)

329/29/9

NOTE—Contn. sheet.

my Lee Warner mnd 18/9

Subd. to first member & Gen. Secy's obs

mnd 28/9/20 Secy's report 30/9 24.9.20

1164 61

G. R. S. III-2.

General and Revenue Secretariat.

Ep File No. 82- of 19 19.

Serial No.

Please put up draft sending copy of Company's letter to Comptr

mcd 30/9/20.

Submit with draft for approval

mcd 2/10 Isaacs 5/10

V 5/10

To the Comptr

No Je 2765 D. 7.10.20

Forwards for information copy of letter D. 10.9.20 from Messrs John Dayhe & Sons Com. in the matter of the payment of royalty due with the grant of mining on the total production of gold from 1.9.1920

P.T.O.

NOTE—Contn. sheet.

G. R. S. III-2)

General and Revenue Secretariat.

File No. 82 of 19 19

Serial No. 82

Received No: 104
29 NOV 1920
BANGALORE

From the Comptroller

No. 661. Bks. dated: 10.11.1920.

states that the Balghat & Gorgaum Gold mining Co, sent up their bills for 5% rebate on expenses during the period which they had taken the rate for conversion was taken at 1sh 4 3/16d (6% to equivalent to (₹ 3-17-9 = 55 Rs 0-0). while the rate of exchange varied from 1sh 6d to 2sh 8d per rupee and that as this proposal for payment of the rebate in London was not agreeable to the ~~Secy~~ Treasurer ~~merely~~ John Taylor & Sons Committee mining Co. and as also the Supdt. of the mining Coy. were instructed to adopt the ~~same~~ above rate as appeared in the committees ~~report~~ account of the Gold sales returns issued monthly from their office - he has arranged for the payment in accordance with the claims preferred. -

Submitted for orders:

Doctor 15/11/20. (Hosea)

18/11/20

What rate of exchange have the other companies adopted for the same purpose? This may kindly be noted.

The difference in rupees between the rate adopted & the current rates on the extra amount claimed by the companies may be worked out & the

To the comptr

H.R.O.C. 58-1920 1790 8/11

827/11/20

NOTE—Contn. sheet.

2460

43

G. R. S. III-2.

General and Revenue Secretariat. | File No. of 19

Serial No.

191-K

U.O.No.877/Books dated 10th January 1921

GEN & REV. SECT. Ind Sect 11 JAN 1921

Up to now only two mining companies, viz., the Balaghat and the Ooregaum Gold Mining Companies, have sent up their rebate claims on English expenses.

34937

As regards the Balaghat Mines, the rebate charges from May 1919 to April 1920 (both inclusive) - amount to R$7,351-13-0 when calculated according to the Mining Companies uniform rate of 1 Sh. 4 13/16 d. and to R$4,913-14-6 when calculated according to the current rates prevailing during the months (as given in the monthly gold sale returns issued by the - Committee), which ranged from 1 Sh. 7 31/32 d. to 2 Sh. 4 5/16 d. The difference between the two - amounts is R$2,437-14-6; and 5% of this, viz., - R$121-14-4 is the extra amount which we have paid on these charges.

With reference to the Ooregaum Gold Mining Company, additional insurance paid in London from May to December 1919 (both inclusive) is R$2,203-12-0 - when calculated according to the uniform rate. But according to the monthly current rates, it amounts to only R$1,591-0-4, thus giving a difference of - R$612-11-8; and R$30-9-7 (5% of this difference) is the extra amount which we have paid under this head The bill of this company for the further period of January current to April 1920, amounting to R$186-13-0 has been

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

29604
2587

44

92 File No. 82 of 1919.

Serial No.

been sent back for necessary corrections, and this has not been received back as yet.

Comptroller.

MSR/10-1.

To

The Financial Secretary to the Government of Mysore, Bangalore.

11.1.94

P.T.O.

NOTE—Contn. sheet.

2587/45

G. R. S. III-2.

General and Revenue Secretariat. | G 7 File No. 82 of 1919.

Serial No.

From the Secretary to Treasurer
Messrs John Taylor & Sons Coimbatore
Letter dated: 20.12.20.
With reference to letter no 28 1863 G.7. 82. 2587/19
29 8.7.9.20. encloses a copy of letter
recd from messrs John Taylor
& sons. and requests acknowledgment of
the same.

The main file has been sent to the Compt Office. & it is ascertained that the file was taken by the G.M. Section for submission to the 1st member in another connection. It is for orders if this may be awaited.

Subd
Asstn
18/12/20.

May the relevant papers be awaited
[illegible]
The letter requires an
Acknowledgement. Agreed.
23.12

Subd vide draft acknowledging
Asstn
24/12/20
3/1.

The main file is sent from the

NOTE—Contn. sheet.

At this stage - Please
get the main
file and put up
at once
[illegible]

General and Revenue Secretariat.

92 File No 82 of 1919.

Serial No.

the comptroller's office is put up.

From, the enclosure to the P.W.D. it is seen that the messrs John Taylor & Sons. Committee are not willing to vary the definitely expressed terms contained in the Cauvery Power Agreement for the Supply of El. power. For the terms please see clause 12 of the Agreement put up. - Flagg. Attention is also invited to clause 17. on page 25 of the agreement. As to the procedure to be adopted in the matter of differences between the parties, a perusal of the Govt. Note to The Chief Engr's note date 26/11/20. on page 42 of the note in the file with the reply thereto will be useful.

Page 11. Cl: 12. of the agreement.

Perusal of the Govt. Note

2389/15/1

14/1/21. Submitted pl. Vide Serial 31 & 32 Flagg)

15

14.1.21

Our requests were two: (1) payment in India of price of power, and (2) payment at Rs.15 per pound sterling. The Companies are not disposed to comply with either of these requests. The agreement appears to be in their favour and they are resolved upon taking advantage of it.

There is one very important point which we might bring to the notice of the Companies. I refer to the premium which gold is commanding both in London

NOTE—Contn. sheet.

Serial No.

London and the Indian markets. After all the ability of the Companies to pay for power depends upon the price that they obtain for their production. At the time that the agreement was executed, there was not the remotest idea of gold ever selling at a premium and it is only natural to presume that the rate fixed for the power bore some relation to the price which gold was commanding at the time. If the Companies had continued to sell their production at 85 sh. per fine oz., our request for payment at any rate other than that fixed in the contract might have been considered unreasonable. As a matter of fact, they are realising a much better price than 85 sh. per fine oz. both in the London and Indian markets. It is unreasonable on the part of the Companies to appropriate to themselves the benefit of the premium by taking advantage of a provision in the contract which never contemplated the disposal of gold for more than 85 sh. per fine oz. Whether the extradrdinary condition of premium on gold due to the altogether unforeseen War and its consequences is not a factor calling for a revision of the agreement with a view to make its provisions equitable to the two parties is a matter which has to be considered from the point of view of both law and equity. Whether law would not consider a request for a revision of the term of the contract relating to the pay-

ment

Serial No.

payment for price of power in such circumstances is a point on which the opinion of the Government Advocate may be obtained. Whether law is in our favour or not the fact remains that it would not be fair for the Companies to deprive Government of the compensation due to them for reduction in the price that they get for the power supplied, when the Companies themselves obtain compensation due to the depreciation of the pound sterling in the form of premium which gold bullion commands in both the markets. So long as gold continues to sell for a higher price than 85 sh. per fine oz., it seems to me that a revision of the rate in relation to the market price of gold is reasonable The rate per H.P. may be fixed with reference to the average price at which the Companies are able to dispose of their gold.

It is doubtful if the Companies will agree to give us a share of the benefit resulting from the premium which gold is commanding and which it is likely to command for some years to come. The strength of our contention from the point of view of law or equity will have to be examined by the Government Advocate. The loss sustained by us is heavy and the matter is therefore very important. If the Government Advocate is of opinion that our case is strong at least on the ground of equity, the point of difference

G. R. S. III-2.

General and Revenue Secretariat. | G.F. File No. 82 of 19 19

Serial No.

between us and the Companies may be referred to a Committee of Arbitration as provided for in Caluse 21 of the Agreement.

The question relating to the difference in the rates of exchange in respect of rebate charges raised by the Comptroller in his letter dated the 8th November 1920 is not of much importance as the amount involved is small, as will be seen from his reply dated the 10th January 1921 to my question dated the 16th November 1920. The extra amount claimed by the two Companies is less than Rs.200/- and it is not worth while pursuing this matter with them.

20.1.21

Dewan Bhd
Just mention).
I don't think there is any case in Continuing the Agreement. The matter may be dropped. The Co. will surely check the letter. The Agreement does not require mentioning insisted in saving Clause.

DEWAN'S OFFICE.
Recd. on JAN 28 1921
Reg. No. 4999

NOTE—Contn. sheet.

2587

50

G. R. S. III-2.

General and Revenue Secretariat. | G.7. File No. 82 of 19 2.

Serial No.

4994

In case the exchange is permanently retained at 2 sh. our acquiescence in the decision of the Companies is likely to involve us in serious loss. I should like, therefore, the case to be examined by the Government Advocate.

The substitution of electric power was made by the companies with a view to economise expenditure in the generation of power. This expenditure was incurred in rupees and if we suspended the supply of electric power the Companies will have to pay in rupees for any power that they may generate. The rate for electric power was fixed with reference to the cost of steam power and the expression of such rate in terms of sterling at a time when no one had the remotest idea of the unstability of exchange, must be held really to refer to its rupee equivalent

While the Companies have made agreements entitling them to sell gold at rates far above 85 sh. per oz., they want to fix us to terms which were agreed to on the basis of 85 sh. being the value per oz.

I should also be glad to know if the Electrical Department will work out what it actually costs us at present to deliver power to the Mines and compare it with the rupee rates we realise for it on the basis of 2 sh. the rupee.

The C.E.E. advised Do on the point. Mull 10-2-21

Do ... 82 ...

H.W. 684+4994

NOTE—Contn. sheet.

9/11/21 9.2.21

Forwarded to the Civil Advocate for favour of opinion - [illegible] 10.2.21

250

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 191

Serial No.

No. 1093/S/Leg 20-21

14-2-1921

52320

GEN & REV. Secrt
14 FEB 1921

Under para 12 of the agreement the Companies are within their legal rights in insisting upon payments being made in Sterling in London. We have no doubt Equity on our side but in view of the Correspondence that has passed it is extremely doubtful whether any Equitable Considerations will influence them to change their attitude in regard to this matter. I do not think that a recort to the provisions of the arbitration clause in the agreement will be of any tangible benefit to Govt.

12 · 2 · 21

Secret C.S.S.
1093/18
14.2.21
M.K. to note
first

From the chief Electrical Engr.
D.O. No 282 D. 10.2.21

Enquiries what it would cost to deliver power to the mines & how much cost companies mine has price that it gets from the mines under the present agreement & the new exchange rates 2-8d. his Report.

from file

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

File No. 82 of 1919.

Serial No.

From the Chief Eb: Engr:

D.O No 84. D. 12. 3. 21.

Forwards a statement of the relative cost of the power supplied to the mining Co.

Subt with reference to the under secretary's note dated 14 3 21. on the margin of the previous page.

Mehta 19.3.21.

Hesketh

17/3

Dewan)

DEWAN'S OFFICE.
Recd. on APR 2 1921
Reg. No. 621/L

2979/23

Dewan 1.4.21

2602

R. S. III-2.

General and Revenue Secretariat.

G.7. File No. 89 of 1919.

214.

Serial No.

No details as to how the cost of generation at Siva Samudram (.09 anna per unit) is worked out, are given and may be obtained.

I should like to know if interest on the outlay on Krishnaraja Sagara is included in the cost of generation and the rate of interest charged.

Mr. Forbes assumes the income at £12 per H.P. This rate will only hold good for a period of only ten years and in respect of the "guaranteed power" only. The general rate of £10 per H.P. which will hold good till the termination of the agreement in 1940 would seem to be the rate we should take into calculation in considering the question of the permanent loss which will be inflicted on the State by alteration in exchange.

Secy.

5.4.21

Please write to Mr Forbes for information regd above. sme 6.4.21

XY 18/4/21

Subd with Draft D.O enquiring as per orders

8/4

The Chief El. Engr.

D.O.NO: Jl 6248. dt 15.4.21.

RA 8219.

with refce to his D.O NO 8423 11/3/21. Enquiries.

Note—Contn. sheet.

8602

G. R. S. III-2.

General and Revenue Secretariat.

File No. 802 of 1921.

Serial No.

further information on certain points

1) as to how the cost of generation at Sivasamudram is worked out.

Whether interest on K.R.S. is included in the cost of generation - if so what rate of interest is charged

from the Chief Electrical Engr.

No 6516 d. 29.10.21

furnishes information on the points called for in the previous Secretariat Note with reference to the Dewans note on the previous page

Jeseey
Dewan
8.11.21

12.11.21

14-11-21

DEWAN'S OFFICE.
Regd. on NOV 1921
Regn. No. 2650

NOTE—Contn. sheet.

No 7E 2643/9782
& 31/10/19

Draft.

To

The Secretary and Treasurer,

Messrs. John Taylor & Sons,
Committee,
COREGAUM.

Sir,

The Government of Mysore understand that the South African and other Gold Mines have been permitted to sell their production in the open market for the best price that can be obtained for it under present conditions and that a consignment from South Africa ~~gold~~ Sold in September 1919 ~~is reported to have~~ realised an average price of 99 shillings per ounce of fine gold. I am directed to request you to be so good as to favour the Government with information as to whether the Kolar Gold Mining Companies have not asked for permission to similarly dispose of their production and if this question has been raised, how it has been settled and what are the prospects for the yield of the Kolar Mines of getting the premium which gold bullion is now commanding in the market.

I have, etc.

29.10.19

27/10/19

Financial Secretary.

Extract from the "London Times" dated 18th September 1919, page 16.

@@@@@@@

High Premium for Australian Gold.

"The first shipment of South African Gold to be realised under the conditions provided for in the arrgement made with the Bank of England has practically all been sold. Most of it has been sold for shipment to the United States, and the average price realised has been about 99s. per fine ounce. For some time past the Australian gold has been realised without restriction, and the Acting Prime Minister of Australia recently announced in the House of Representatives that the Gold Producers' Association up to July 1 had sold 209,676 oz. standard of gold at an average price of 95s. 9d. all the gold being sold in Hong Kong and Shanghai. This price is equivalent to a premium of -- about 20 per cent., and is appreciably in excess of the profit on Exchange to be made on the shipment of gold to the United States, for the present rate of Exchange with that country shows a profit of only about 16 per cent. The quantity of gold sold by Australia is, of - course, not to be compared with the amount which South Africa has to sell, and if the whole of the Austrlian output had been sold, it would probably have realized a lower price."

Extract from the "STATIST"dated 20th September 1919, Page 498.

.....

xx xx xx xx

"The resumption of the gx free sale of gold has been an interesting feature on the market this week. Gold from South Africa to the value of about £1,700,000 was sold, the bulk of the metal being for shipment to the United States. The average price realised was 99sh. per ounce fine, which represents a - premium of about 16% over the pre-war price, equivalent to the premium ruling on the American Exchange."

xx xx xx xx

Extract from the Bankers' Magazine for September 1919. Page 316

.....

GOLD MOVEMENTS.

xx xx xx

"The most interesting point, however, in connection with the gold market is the fact that general dealings are likely to be re-established ere long, so far, at any rate, as the supplies from the Rand are concerned. Arrangements have been made whereby the whole of the monthly output will come, as usual, to London, but holders of it will be free to sell the same in the - market at the highest price of the day, which means, of course, that the movements of the metal will once more be determined, by the relative position of the various foreign exchanges."

xx xx xx

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

*Telegraphic Address:—
"COMMITTEE," OORGAUM.

D1568

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

11.39

G.F. 82-19-8

NOVEMBER. 5. 1919.

THE OFFG. FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

NOV 1919

Sir,

I have the honour to acknowledge receipt of your letter, No.Fl.2643/G.F.82-19-5 of the 31st ultimo referring to the sale of Gold by the South African and other Gold Mines and asking for certain information regarding the sale procedure of the Kolar Gold Mining Companies. I am forwarding a copy of your letter to Messrs John Taylor & Sons, London, by this mail and I will communicate with you again in due course.

In this connection Messrs John Taylor & Sons have now written to my Committee with reference to the questions raised in your letter, No.Fl.1898/G.F.111-17, of the 10th September and they state as follows:-

"Our Committee's letter to the Comptroller to the "Government of Mysore dated the 5th July,1919,acurately "sets out in paragraphs 2 and 3, the arrangement

"entered into with the Government of India respect-
"ing the sale of approximately one-half of the gold
"output, the only amplification we find it necessary
"to make, is, that the term of such arrangement
"holds good, by consent of the Bank of England, for
"a period of twelve months ending on the 14th May,
"1920."

"No Agreement was entered into with the
"Government of India, the settlement arrived at
"being embodied in letters formally exchanged, and
"the details of these have been covered in your
"communication to the Comptroller previously
"referred to."

"In view of the substantial increases in the
"working costs at the Mines under the headings of
"Labor and Materials", arising out of the War, we
"would state that the sale of approximately one-half
"of the gold output is not sufficient to make
"further payments in India to the Mysore Government
"outside those we have already indicated."

For your convenience I append hereto copies of the paragraphs 2 and 3 referred to in the above quotation

and I trust that, subject to the supply of the further information which you have asked for as per your letter of the 31st ultimo, you will now have received all the particulars you require. My Committee would be glad to be informed on this point at your early convenience as they particularly desire that you should be kept fully informed on these points.

I have the honour to be,

Sir,

Your most obedient servant,

Ralph Roe.

Ag: SECRETARY & TREASURER.

U.P. 3.

EXTRACT OF A LETTER DATED 5th JULY 1919 TO THE COMPTROLLER TO THE GOVERNMENT OF MYSORE, BANGALORE.

****

One half of the total Gold Output commencing with consignment No.113 particulars of which you have already received, will be sold to the Government of India at the price of Rs.55/8/- (Rupees fifty five and annas eight) per standard Oz. The transaction will be effected through the Mint in Bombay, and the proceeds will be paid over by the Accountant-General, Bombay, such payments usually taking place about two weeks after the Gold has been despatched from here. The remaining half of the Gold will continue to be sold to the Bank of England in the same manner as heretofore.

The Silver contents of that portion of the Gold which is sold to the Government of India will be valued at quarterly intervals and credited to the Mines against the cost of refining for which an account will be submitted by the Bombay Mint. The resultant balance either Debit or Credit will be settled in cash between the Companies and the Mint.

****

MESSRS. JOHN TAYLOR & SONS' COMPANY
SECRETARY'S OFFICE
NOV 4 1919
U.P.
GORGAUM

No H3739/9482-A-19
& 19 Dec 19 — 11.

To

The Secretary & Treasurer,
Messrs. John Taylor & Sons
Committee, O O R E G A

S i r,

I am directed to acknowledge the receipt of your letter No. 11762 dated 5th Novr. and to thank you for the information furnished in it.

The price of Rs.55-8-0 per standard ounce is not based on the rate of Rs.23-14-4 per tola which corresponds to the statutory rate of Rs.15 per pound sterling, nor does it bear any relation to the price, much in excess of the minimum of ~~Rs~~ Rs.23-14-4 per tola, at which the Government of India are actually selling gold. The Mysore Government understand that at the last sale, the Govt. of India realised an average price of ~~Rs~~ Rs.27-0-11 per tola of fine gold. [The rate at which the Government of India acquire - gold is no doubt less but the acquisition - rate applies only to <u>imported</u> gold and not to gold sold in India, and the price of -- Rs.55-8-0 has not (accordingly) been based upon the rate of compulsory acquisition under the Gold Import Act.] In these circumstances, the Government would request to be favoured with information as to how the said rate of Rs.55-8-0 has been fixed.

? Evidently

The sentence within parentheses may, perhaps, be omitted as it seems not quite necessary.
15.12.19

2. As the price at which half the output is being sold to the Government of India, is much less than its market value, the Government desire ~~Rs~~ that during the continuance of the present conditions, the Company may kindly

pay the royalty of 5 per cent. in bullion - instead of ~~on~~ from sale proceeds. Such payment will not put the Companies to any loss and it will also simplify the arrangement, as the sale of the output need not be a factor in the calculation at all.

3. It is stated that the payment in India of the whole royalty and the price of power is not possible as only one half of the output is sold to the Government of India and as the working costs on labour and materials have - substantially increased owing to the War. The Government would be glad to know if it is not possible to arrange for the sale in India of a larger share of the output, to comply with - their request.

I have, etc.

29-11-14

Financial Secretary.

11.12.14

NR.

Gf. 82-9-12 D 2070

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE," OORGAUM.

16277

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

DECEMBER, 20, 1919.

THE HON'BLE, FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

SALE OF GOLD.

I have the honour to acknowledge receipt of your letter, No.Fl.3739/GF.82-19-11, of the 19th instant which will have our attention.

I have the honor to be,
Sir,
Your most obedient servant,

Ag. SECRETARY & TREASURER.

M.N.

D 2214.

L COMMUNICATIONS TO BE
ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE," OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

G.F. 82-9-13

1279

JANUARY. 7. 1920.

THE OFFICIATING FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

I have the honour to inform you that Messrs John Taylor & Sons have now written in reference to your letter of 31st October last on the subject of the price realized for the Kolar Gold Mining Companies' gold.

I have also received your further letter on the same subject No.Fl.3739/G.F.82-19-11 dated the 19th ultimo a copy of which I have sent to Messrs John Taylor & Sons and whose reply I will in due course communicate to you.

In the meantime and in reply to the first of the above referred to letters I am instructed to refer you to the following extract from Mr. Edgar Taylor's speech at an Extraordinary General Meeting of the Mysore Gold Mining Company which was held in London on the 4th ultimo.

"I desire to say a few words upon the question of the price of gold and the manner of sale of the gold produced at the Mysore mine. At the outbreak of war the Indian companies, in common with other gold-producing companies, concluded negotiations with the Bank of England for the sale of their gold at the regulation price of £.3.17.9. per oz.standard. In the case of the Indian companies the arrangement comprised the delivery of the gold bars to the order of the Bank of England at the Mint in Bombay, payment being made in London; a condition being that the arrangement was to continue until one year after the termination of the war. Later, the increased exchange value of the rupee, now standing at over 2s.2d. - to-day, I think, 2s.2¼d. - per rupee, afforded ground for fresh negotiations being opened, as a result of which the Bank of England agreed for one year from May last to our disposing of one half of the gold output at the price of 55½ rupees per oz. standard, to the Government of India, payment being made for this in India, this moiety of the output having been arrived at as representing the amount required to meet the mines' costs on the field, the

other half of the gold continuing to be sold to the Bank of England upon the terms and conditions which I have previously mentioned. In view of our receiving the proceeds for one half the gold in Indian currency, and expending such proceeds in India, we do not benefit in the same way as gold-producing companies working in a country not affected by exchange. The Indian mining companies, however, have not now to incur the losses that would arise were they compelled to telegraph remittances to India as in former days, so that, strictly speaking, we are, under the present conditions, only enabled to avoid a loss on exchange. I may say that we have been, and are, using our best endeavours to obtain the Bank of England's consent to a further modification of the arrangement".

It will be observed that the precise present position regarding the sale of gold is clearly described in this extract and as a consequence the Mines regret that they are prevented from entertaining your suggestion that the Royalty should be paid in bullion as also the further suggestion that a larger share of the output should be sold in India unless and until some further

modification of the present arrangement which is only current up to May next, can be obtained from the Bank of England.

I am to assure you that every effort is being made by the Directors and Managers to secure the most favourable terms possible for the future and I shall have pleasure in communicating with you again on hearing further from London.

I have the honour to be,

Sir,

Your most obedient servant,

Ag. SECRETARY & TREASURER.

G. R. S. V1—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT

( )

, the *191* .

Date of issue 7 Feby/20

Signed by W Kaaisdas Das

Section 47
File No. 82-47
Serial No. 14.

No. 7L 4700

To

The Ag. Secy & Treasurer
Messrs John Taylor & Sons
Organe.

Sir,

I am directed to acknowledge with thanks the receipt of your letter No 97. 1.29 ~~& in return to~~ ~~the present position re~~ ~~gardup the sale of gold~~ the sale of the K. G. F. Mining Company.

On knowledge of the price realised for:

I am however to hope that

over.

My
Officer

the present arrangements under which the sale in England as well as in India are attended with disadvantages both to the Company and the Durbar will be terminated as early as possible. And that in the arrangements to be made, the regard of the Durbar for the shares now actually held paid to them in India & in bullion if the payment from sale proceeds is disadvantageous to them, will be kept in view.

I have &c

Sd/ [illegible]

H. Secretary of State

18/3/2

Copied by

Examined by

W D86—GPB—60,000—15-11-16

List of enclosures.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE," OORGAUM.

JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

FEBRUARY. 9. 1920

THE OFFICIATING FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

SALE OF GOLD IN INDIA.

I have the honour to acknowledge receipt of your letter No.Fl.4700/GF.82-19, of the 7th instant, contents of which are noted, and which will be communicated to our London Managers at the earliest opportunity.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY & TREASURER.

U.P.

Draft. No 7E 4964/9782-97
8 16 Feb/20

To

The Secretary & Tresurer,
Messrs. John Taylor & Sons
Committee, OOREGAM.

Sir,

With reference to the cablegram from London dated 30th January 1920, regarding - the arrangements for disposal of the gold produced by the Kolar Mines, published in the Newspapers of the 4th instant, I am directed to request you to be so good as to keep the Mysore Government informed of the progress of the negotiation referred to in the cablegram. The production of the Mines is now sold for less than its proper market value both in England and in India, and the Mysore Government and the Companies are both losers from the arrangement now in force. It will help the Government in their estimate of revenue from royalty, if they are furnished with information as to the prospects of disposal of gold for the best price that can be had for it in the market. The cablegram refers to the disposition on the part of the Bank of England "to facilitate the negotiation of an entirely new arrangement with the Indian Government". The Mysore Government ~~would~~ will be glad to know when the present arrangement may be expected to be terminated and what improvements may be expected.

I have etc.,

6.2.20
Financial Secretary.

Steen
Fleet
10.2.20

No 14/2/20

From "TH MADRAS MAIL" dated 4th February 20.

Page 5.

INDIAN GOLD MINES. Bank of England's offer.

"London, January 30th.--At a meeting of the Champion Reef Gold Mining Company, Mr. Edgar Taylor stated that the Bank of England's offer to Indian Gold producers of the same terms as the African Companies received was not acceptable in view of the special conditions of Indian Gold producers but the Bank had recently shown a disposition to facilitate negotiations of an entirely new arrangement with the Government of India.".

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D2705 F 7 82 — 19 — 18

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
"COMMITTEE," OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

FEBRUARY. 17. 1920.

THE FINANCIAL SECRETARY
219 8
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

SALE OF GOLD IN INDIA.

I have the honour to acknowledge receipt of your favour, No.Fl.4944/GF 82-19-17, of the 16th instant, and to state, in reply, that copies of all official communications received in this connection from our London Managers will, as hitherto, be promptly despatched to Government for information.

Pending the receipt of further advices from our London managers, I regret being unable to state definitely when the present arrangement will terminate.

The Committee are fully alive as to the necessity and importance of keeping the Government of His Highness the Maharaja of Mysore fully posted in this matter, and

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

you may rest assured that their wishes will not be overlooked.

I have the honour to be,

Sir,

Your most obedient servant,

O. Fitzmaurice.

SECRETARY & TREASURER.

GF 82-19-19

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:—
'COMMITTEE,' OORGAUM.

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

MARCH. 2. 1920.

THE FINANCIAL SECRETARY TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE,
BANGALORE.

232.3

Sir,

SALE OF GOLD IN INDIA.

In continuation of my letter to you of the 17th ultimo, and with further reference to your communications, 2, Nos.Fl.4700/G.F. 82-19-19 and Fl.4944/G.F.82-19-17, of the 7th and 16th ultimo, I have the honour to enclose herewith, for the information of the Government of His Highness The Maharajah of Mysore, copy of our London Managers' letter dated the 5th February 1920, together with a copy of the "Speech" delivered by Mr. Edgar Taylor at the Adjourned General Meeting of the Champion Reef Company held on the 29th January.

The favor of an acknowledgment of the above at your earliest convenience is requested.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY & TREASURER.

M.N.

COPY.

JOHN TAYLOR & SONS.

6, Queen Street Place,
London.E.C.4.5th February 1924

C. B. Bennetts Esq.,
Secretary,
Messrs.John Taylor & Sons' Committee.

Dear Sir,

We enclose copy of our last letter to you dated the 29th ultimo.

GOLD CONSIGNMENTS &c. With further reference to Mr.Nye's communication dated the 8th January last, with copies of correspondence exchanged between the Mysore Government and the Committee concerning the sale of gold, we think it well to enclose a print of Mr.Edgar Taylor's speech delivered at the Champion Reef Company's Annual General Meeting held on the 29th ultimo, as this will acquaint the Mysore Government as to the latest position of affairs.

In reply to the Mysore Government's enquiry with regard to the price of Rs.55½ now received by the Companies for sales of gold in India to the Indian Government for a term of one year ending on the 14th May next, the India Office made this offer when the prevailing Rate of Exchange stood at 1s/5d per Rupee, so that at Rs.55½.,

the quotation per standard ounce was fixed at slightly over £.3. 17. 9; at that time, of course, fluctuations with regard to premium on gold had not begun, the relea_ to gold producers to sell in a free market taking place at a later date.

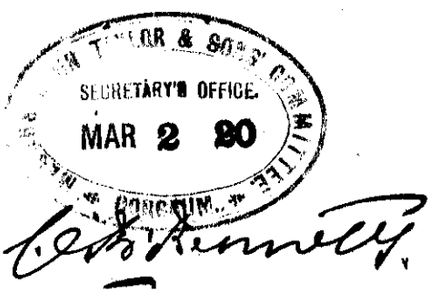
Having regard to the possibilities in May 1919 of a rising Rate of Exchange,(which subsequently occurred it was essential that every step should be taken to avoid remittances from this side to India.

We are, of course, aware that the position has very much altered since that arrangement was concluded, and every effort is being made to obtain as soon as possible the Companies due participation in the substantial premium for gold now ruling.

We are, Dear Sir,

Yours faithfully,

Sd/- John Taylor & Sons.



CHAMPION REEF GOLD MINING COMPANY OF INDIA, LIMITED.

SMALLER OUTPUT AND PROFIT—"A GAP IN A LONG RECORD OF SUCCESS"—MORE FAVOURABLE ARRANGEMENT FOR GOLD SALES PROBABLE—CONDITION OF MINE—DEVELOPMENT THE ONLY REMEDY.

Reprinted from THE MINING WORLD, *Saturday, January* 31, 1920.—*Offices: Gresham House, London, E.C.* 2.

The adjourned 31st ordinary general meeting of the Shareholders of the Champion Reef Gold Mining Co. of India, Ltd., was held at the Cannon Street Hotel, London, E.C., on Thursday, January 29, 1920.

Sir J. D. Rees, Bart., K.C.I.E., C.V.O., M.P., presided.

Mr. F. H. WILLIAMS, F.C.I.S. (Secretary) read the notice convening the meeting and the report of the Auditors.

PERSONAL MATTERS.

The CHAIRMAN said: Gentlemen, no doubt you will all greatly regret, as I do, the absence from the Chair of Mr. John Taylor, who, though he has recovered from a recent illness, is not yet quite equal to the task of presiding at this meeting. Lord Ribblesdale, our Vice-Chairman, is in India, and Lord Glenconner, whom for obvious reasons we always welcome in the Chair, is abroad. I have, therefore, been asked to occupy this honourable position to-day. I feel sure the Shareholders, absent and present, will heartily join me in congratulating Sir Robert Taylor on the honour bestowed upon him by the King. (Hear, hear.) No firm by its reputation and position can be more worthy, we all feel, to be recognised by the Sovereign, than that of Messrs. John Taylor & Sons, with which we are all proud to be associated. Most of us have the privilege to be acquainted with Sir Robert Taylor, and know his sterling merits as a man and a friend, and all of us know that, in his person, the distinguished firm, of which he is senior partner, has been honoured. (Hear, hear.) It is probably an additional source of gratification to us that the honour he has received is in the "Gazette" expressly associated with the Mysore Gold Mines, the development of which has been of such great importance from an Indian—and, indeed, from a national—point of view, both before and especially during the war.

THE REPORT AND ACCOUNTS.

We did not receive the Superintendent's report and the accounts in time for the meeting, which we were obliged to hold before the end of last year, to comply with the Companies Act. We, therefore, following the precedent of last year, convened the annual general meeting for December 19, and adjourned until we were in a position to place all the facts and figures before you. On this occasion, the late arrival of the documents is not altogether attributable to delay in the mails, though until quite recently these have been somewhat irregular, but our new Superintendent, Mr. C. F. Heathcote, desiring very properly to give his most careful consideration to the compilation of his report, despatched it at a somewhat later date than usual. The Directors' report and accounts have now been circulated for some days, and I assume you will adopt the customary procedure of taking them as read.

YEAR'S OPERATIONS.

With regard to the operations of the period under review—the 12 months commencing October 1, 1918, and terminating on September 30, 1919—the tonnage handled was somewhat larger than that of the previous year. There were increases of 4,203 tons in the output from the mine, of 2,523 tons in the ore crushed in the stamp and tube mills, and of 1,602 tons in the tailings treated in the cyanide plant. On the other hand, the average grade of the ore dealt with showed a decline of 1 dwt. 10 gr. per ton, so that, although there was a slightly better extraction of gold, owing to improvement in the method of treatment, a reduction of 10,230 oz. is shown in the total gold production. Consequently, the total income, after payment of royalty, and including receipts for interest, etc., was smaller to the extent of £40,899. On the debit side of the account we have, for reasons I shall give just now, an increased expenditure of £15,917. Compared with the previous year, therefore, the profit has diminished to the extent of £56,816.

BREAK IN A FINE DIVIDEND RECORD.

With these figures before us, it is plain why we were unfortunately unable to declare a dividend. It is, indeed, with deep regret that I announce to you, on behalf of the Board, that the Company's fine sequence of dividends for the past 25 years must now be interrupted, but we hope that this will prove to be but a gap in the long record of success—indeed, I might say, very brilliant success—and that the mine will again respond to the energetic and skilful development work which is being carried on with unceasing assiduity. I will not enlarge upon this theme, as Mr. Edgar Taylor will follow me with his usual clear statement upon mining and technical matters. He will, as usual, say "Open, Sesame," and the earth beneath will reveal her secrets. I wish that on this occasion they were of a more satisfactory character.

WORKING COSTS.

With regard to the working costs, I need hardly say that these are most closely and carefully watched by our Managers and the responsible officers on the spot with a view to effecting all possible reductions. Under ruling conditions, you will readily understand that this is an exceedingly difficult task

in face of the upward tendency of the prices of steel, iron, and metal manufactures. Excepting for the extra cost entailed in dealing with the somewhat larger tonnage to which I have referred, the costs of winning the gold would have shown but a slight increase; but the exchange value of the rupee continued to rise and resulted in our having to make larger remittances to India to meet wages and other payments. However, this difficulty was overcome by the new arrangement arrived at after negotiations with the Bank of England and the India office, whereby one-half of the produce of the Kolar gold mines from May last has been sold in India for rupees. This arrangement holds for one year from May 14, 1919, and at the time it was concluded the rate of exchange was already over 1s. 7d. per rupee. Since then it has risen to 2s. 4d. and over, so that a very heavy loss has been prevented by this expedient. We are far from being contented, however, as we feel we ought also to benefit as other gold producers do by the existing premium on gold, and we have for many months past used our utmost endeavours to obtain release from our engagement to sell the other half of the gold to the Bank of England. Now that hostilities have ceased for considerably over a year, we feel that it is unreasonable that we should not be in a position to sell in India the whole of the gold produced in that country. I will not say more on this subject, because Mr. Edgar Taylor, who has made a most careful study of this question, and has personally pressed our case with the Bank of England with the utmost ability and the greatest persistence, has, I know, more to say on the matter.

INCOME TAX.

Turning again to the accounts, we have in the profit and loss account a total credit of £46,976 made up of £3,119 the balance brought forward, £43,145 the profit for the year, and £712 dividends from the Kolar Mines Power Station. On the debit side of the account the writings off are £10,000 on account of depreciation, and £1,000 on account of insurance and contingency fund. The bulk of the profit is absorbed by the item £28,745 for income tax. Since income tax has been increased so enormously most of us, to our cost, know more about it than we formerly did; but it may not be superfluous to remind you that companies are assessed on the average of the three previous years' profits, less certain allowances, and that is why the amount charged in this account is out of all proportion to the profit for the year under report. For 1920 the assessment will be considerably lower, owing to a less profitable year being brought into the average. The balance sheet, I think, does not require any explanation.

RESERVE FUNDS £95,295.

You will see that our reserve fund, separately invested, stands at £90,000, and we have £5,295 in the insurance and contingency fund. The capital expenditure has not been heavy during the past year, the additions to buildings, machinery, plant, etc., amounting to £11,651 16s. 1d. A certain amount of work, involving an expenditure of £1,111, has been carried on at the properly under option, not far from our mine, but no discovery of importance has yet been made. Operations will, however, be continued for the present. The Kolar Brickmaking Co., Ltd., in which this Company holds 2,500 shares (£1,875 paid up) has practically overcome the initial difficulties attendant upon the starting of an enterprise of this kind, is now turning out considerable quantities of bricks and other commodities of good quality for use on the field, and is, in addition, receiving substantial orders from an outside source.

MR. HENRY TAYLOR NOW ON THE MINE.

Our report tells you that Mr. Henry Taylor is at present on the gold field. The practice of our managers in paying these periodical visits is most advantageous to the Company, since it affords the advantage of personal discussion with the superintendents of important questions which are constantly arising in connection with the management and administration of the mine. Mr. H. J. Gifford, the Superintendent for the past 13 years, left in June last. We are sorry to lose him, but it was his wish to retire after long years of foreign service. He has handled many difficult problems with marked success, and has always had the interests of the Company at heart. Mr. C. F. Heathcote, the new superintendent, has been known to our Managers for many years, and we are confident he will fill the position to your satisfaction. Our thanks are due to Dr. J. O'Donnell and the medical staff for their attention to the health of the community on the field. Their task is no light one, as may be realised when you remember that the average population on this mine alone throughout last year was 13,300. A serious outbreak of small-pox was confined to a small area by prompt action, and at the end of the year at one time 700 employees were laid up with influenza, fortunately of a mild form. Nor should it be forgotten that at the beginning of the year under report a most virulent epidemic of influenza, which seriously reduced the birth and increased the death rate, was successfully combated and kept under control.

THE PROSPECTS.

With regard to the prospects of the current year, you will have gathered from the extracts from the Superintendent's report, which are contained in the Directors' report, that these depend upon the developments of the next few months. Much importance, however, also attaches to the question of the sale of gold, to which I have referred, and we shall leave no stone unturned to free our hands for its disposal, at the best terms and in the best market, upon which, of course, a corresponding improvement in our income would follow. I now move: "That the Directors' report and accounts to September 30, 1919, be received and adopted." I will ask Sir John Horner if he will kindly second that.

Sir JOHN F. F. HORNER, K.C.V.O.: I beg to second the motion.

THE UNDERGROUND POSITION.

Mr. EDGAR TAYLOR: At our last general meeting Shareholders were informed that development work had been unavoidably reduced, but this had not affected the amount of driving, which had actually been increased. The object of this work had been to explore on both sides of the cross-course, or faulted zone, lying between Glen shaft and the south boundary; also the exploration of the new body of quartz known to be dipping rapidly into our ground from the south. At about the centre of the mine a useful addition had been made to the reserves of ore, but at the greatest depths then attained the grade had fallen off to a marked extent. It requires but a brief examination of the Directors' report, lately issued to the Shareholders, to realise that the situation in the mine, during the period since elapsed has not as yet improved to any considerable extent. The ore reserves, from which a considerable quantity had to be written off some time ago as being unavailable, for reasons of safety in the working of the mine, now stand at 293,500 tons. A certain quantity of the total written off has, however, this year again been brought into reserve with the sanction of the Government engineers, who now find that sufficient precautions have been taken, and we hope that eventually a large proportion of the remainder may again become available.

DEVELOPMENT WORK.

The total of development work 8,702 ft. for the past year shows little change on the previous year. The sinking of the three secondary shafts has been carried on continuously. These were sunk in the aggregate 933 ft. Our main object is, of course, to get below the present low-grade zone as rapidly as possible. At Carmichael's shaft, at the deepest level, the 61st cross-cut to the reef was driven and passed through a width of 4 ft. of reef formation of unpayable grade. At this level, as also at the 60th and 59th levels, the following up of the reef has been much interfered with by the existence of an intrusive dyke. These dykes are already a well-known feature on the field. They appear as local interruptions in the reef, more or less extensive in each individual case. The Ooregum and Balaghat mines, both to the north of this mine, have successfully passed through the difficulties attendant on encountering similar dyke formations.

OOREGUM'S MINES EXPERIENCE.

The Ooregum mine, operating at practically the same vertical depth as our present deepest workings, is at the moment opening up a remarkably fine ore shoot below one of these dykes. At the 56th level north of Carmichael's shaft 237 ft. was driven and this level will be pushed on as a pioneer drivage for the exploration of the northern section. At the 54th level south, about midway between Carmichael's and Glen shafts, a winze on the short shoot seen in the level above, was sunk 91 ft., the quartz here being 2¾ ft. wide assaying 16 dwt. At the 52nd level south, this shoot was further opened up by 165 ft. of driving, the width of ore being 1¼ ft., averaging 1¾ oz.

GLEN SHAFT.

Glen shaft is nearly the same depth as Carmichael's, and at the 61st level the same disturbance by dyke is manifest. No development of noteworthy value has been made in this section until we get up to the 57th level. Here, at a point 170 ft.

north of the shaft, a length of 135 ft. of payable quartz occurs - 1½ ft. wide assaying ¾ oz. This is rather better value than in the level immediately above, which averaged 13 dwt. over a width of 1 ft. and a length of 111 ft. The 55th level south of Glen shaft was one of the workings mentioned last year as likely to be of great interest during the period now under review. It has been continued 217 ft. on the run of the cross-course, and 338 ft. on the new southern quartz shoot referred to last year. Unfortunately, though the quartz has been of good width, averaging 3½ ft., the value has been low. The 53rd level south of Glen shaft was continued into Garland's section, and right up to the southern boundary. At this horizon there are two branches on the new southern quartz body; 83 ft. was driven on the eastern branch, and there the quartz was from 3 in. to 2 ft. wide, assaying about 6 dwt. The main or western branch was driven on for 530 ft. The quartz varied from 1 to 6 ft. and assayed up to 17 dwt. For a length of 95 ft. the values were fairly consistent, averaging 10 dwt. over a width of 3¼ ft.

AN EASTERN REEF.

From the end of the level near the boundary a cross-cut east was started about the end of the year and driven 108 ft. Subsequent to the annual report a reef was intersected after driving 112 ft. This we explored northwards until the cross-course was met with. The fact has to be noted that this eastern reef has not hitherto been seen in the levels above. The point deserves watching, because in several cases on the field these eastern reefs have supplied eventually considerable auxiliary quantities of valuable ore.

MINING CONDITIONS GENERALLY.

With regard to mining conditions generally, the Superintendent remarks that although serious rock-bursts have been less frequent, the preventive measures taken to avoid them have added considerably to the cost of mining. The questions of ventilation and temperature of the workings have been gone into very thoroughly, and we are glad to note that the Superintendent considers that satisfactory conditions can be attained by suitable enlargement of existing airways for the passage of larger volumes of air in both upward and downward directions. These are, of course, matters which largely affect both the health and efficiency of the underground employees. The main circular or Gifford shaft has a very large hoisting capacity, and efforts will be directed to utilising this to the utmost. Good results have been obtained in our remodelled treatment plants, but further benefits are anticipated by doing away with the sands plant and relying entirely on an all-slimes plant.

NEED FOR DEVELOPMENT.

It will be apparent to you from what I have stated that, except at one or two points, the present bottom of our mine is poor. The only way in which we can remedy this is by a policy of continued development—a policy which, as our Superintendent remarks, has been amply justified and rewarded in the past. It is true that our mine has reached a great depth, but with its magnificent record behind us and the fact before us that in neighbouring mines highly payable ore does recur even at this depth, we are encouraged to push forward with even greater energy, in the expectation that success may again attend our enterprise. My partner, Mr. Henry Taylor, is spending this winter in India on the business of this and other companies with which our firm is connected in that country, and in consultation with Mr. Heathcote he is giving special attention to the all-important matter of development and working costs at the mine as well as all questions affecting the Company's welfare. It will be fully realised that during the long years of the war your mine suffered from all manner of difficulties, and to the staff, who all worked most assiduously throughout that period, we should like to express our firm's high commendation.

THE LATE SUPERINTENDENT.

As Mr. H. J. Gifford has now vacated the post of Superintendent of your mine, I cannot let this opportunity pass without placing on record the feeling of deep indebtedness which we are sure you will agree are due from the Company for the skill, energy and loyalty shown by him during his 13 years' management of your mine. The new Superintendent Mr. C. F. Heathcote, has been known to us for many years, having been superintendent of a large mine under our management in Tasmania, and we are sure he can be relied upon to bring to bear upon the affairs of the Company ability and activity which he is known to possess in a marked degree.

PRICE OF GOLD.

You will expect me to tell you something about the prospects of our getting an improved price for our gold during the forthcoming year. Unfortunately, I am not in a position to give you the definite assurance that we are yet able to reap the full advantage of the abnormal rise in the price of gold, but you are entitled to know what the present position is. As you are aware, throughout the earlier years of the war we had an arrangement with the Bank of England under which we sold to the Bank of England the gold which was deposited at the Mint at Bombay at pre-war prices; and later on we reduced our sales to the Bank when we were able to make an arrangement with the Government of India to take a proportion of our gold in Bombay approximately proportionate to the amount required for our current expenses in India. In order to do this we had to agree to continue our arrangement with the Bank for a long period dependent upon the duration of the war. The arrangement with the Indian Government comes to an end next May, and in view of the cessation of hostilities, we have been in negotiation with the Bank with the object of putting the whole matter on a peace footing, having regard to the fact that the Bank have made peace arrangements with the African gold producing companies. I am not able at present to tell you that these negotiations have resulted in any definite conclusion.

OFFER FROM THE BANK OF ENGLAND.

We have been so far successful that the Bank has offered to afford us, and the other gold producing companies in India, the same terms as they have concluded with the African companies, but a little reflection will show you that these would not be of any great service to us. Shortly stated, the Bank is willing to cancel the war arrangement with us on condition that all our gold is brought to London for sale as we please, which corresponds with the terms accepted by the South African companies; but the difference between our conditions of production and those of the South African companies makes such conditions unacceptable to us. I need not go into these at length; it will be sufficient to remind you of two things:—First, that South Africa is a colony which, in its present condition of industrial development, cannot absorb the quantity of gold produced by the Witwatersrand Gold Field, whereas the Empire of India can absorb, not only all the gold the mines of that Empire can produce but a good deal more, and pay for it at a price extremely advantageous to the producer, compared with the price obtainable in Europe. Secondly, South Africa is a sterling country, and the exchange with India at the present time works very adversely to the Mother Country when exports of gold have to be made from here to India.

"A MONSTROUS PROPOSITION."

It is easy enough for the South African companies to bring all their gold to London and arrange for all their costs of working and development to be credited by cable to their accounts at banks in South Africa; whereas it is a monstrous proposition that we, producing gold in India, should be compelled to bring our gold to England and at the present exchange price of the rupee to have to pay our wages and costs of development in the country of production by remittances from here. Accordingly the proposal, under which the Indian companies should bring their gold to England, is not such as we could accept. We recognise to the full the facilities which the bank afforded to us and to all British traders at the outbreak of war and which have, without doubt, contributed in no small measure to the success achieved in the world-wide struggle. We are anxious, if possible, to come to an amicable arrangement with the bank for the realisation of our commodity now that hostilities are over, in a manner conducing to the best interests of our Shareholders without injury to this country as the centre of the British Empire; but we cannot consent to sacrificing our Shareholders' interests by accepting the terms offered by the bank, which are considered unduly onerous and lacking due consideration of the special conditions of the Indian producers.

HOPEFUL OF MAKING A NEW ARRANGEMENT.

We are still hopeful that these points will receive their due consideration by the Governors of the bank with whom we are still in negotiation, and the bank have during the last few days shown a disposition to give us facilities for negotiating a new arrangement altogether with the Indian Government. You may rest assured that your Directors, in consultation

with the directors of the other Indian mining companies, are not only fully alive to the importance of obtaining the best market for your production, but are taking all such steps as they are advised are legally available to this end. (Cheers.)

There were no questions, and the resolution was unanimously adopted.

On the motion of the CHAIRMAN, seconded by Mr. EDGAR TAYLOR, the retiring Directors were re-elected, viz., the Rt. Hon. Lord Glenconner and Sir John F. F. Horner, K.C.V.O.

The Auditors, Messrs. Cooper Bros. & Co., were also re-appointed.

VOTE OF THANKS.

Mr. V. HERBERT SMITH: Perhaps before we separate I may be allowed to propose a resolution thanking the Chairman for his conduct in the chair to-day, and the Board of the Company for their management of our affairs in a difficult year, and more particularly also to the staff in India, not forgetting, of course, the staff here. The more difficulties we have to contend with in business, the greater the responsibilities and the difficulties of those individuals who are working on the spot; and that applies to our Managers here in London also, of course. I should like, therefore, to propose a hearty vote of thanks to the Chairman and Board, to the Managers here, and to the staff here and in India.

The motion was seconded by Mr. E. D. M. HOOPER and unanimously passed.

The CHAIRMAN: On behalf of the Board and the staff at home and in India, I beg leave to thank you sincerely for this vote. It is very encouraging to find that the efforts of those concerned meet with recognition as they always do generously at the hands of the Shareholders, and I feel sure that all concerned will be particularly grateful for a vote of this character given in a year when all their efforts have not availed to give the Shareholders that dividend to which they have so long been accustomed, and which it is the ardent desire of the Board and the staff at home and in India to produce again at the earliest possible moment. As Mr. Vere Smith has said, the year has been one of quite unusual difficulty and anxiety, and I can assure you that all those included in this vote are most grateful for the kind consideration you show to their efforts by passing it to-day.

The proceedings then terminated.

O. B. Kennedy.

G1- 8249 - 8c: 20:

DRAFT.

No H5797
9/17 March/20

To

The Secretary & Treasurer,

Messrs John Taylor & Sons Committee,

Oorgaum, (Kolar Gold Fields.

S i r,

I am directed to acknowledge with thanks the receipt of your letter ~~No. 25[illegible]~~ dated the 2nd March 1920 forwarding a copy of your London Manager's letter dated the 5th February 1920 together with a copy of the speech delivered by Mr. Edgar Taylor at the General meeting of the Champion Reef Mining Coy. held on the 29th January 1920.

2. The points under correspondence are of much importance and Government consider that a personal discussion would help to clear them up. I am accordingly to suggest a meeting at an early date between the Chairman of the Mining Board and the First Member of Council - Mr. A. R. Banerji, M.A. I.C.S., C.I.E. What place and date will be convenient for the meeting may kindly be intimated.

3. Government would like to have the following points discussed at the meeting:-

(i) The sale of half the production of the Mines to the Bank of England is still at the rate of £ 3-17-9 per standard ounce. The present market rate of an ounce of fine

fine gold is about 127/- sh. Government understand that the South African and -- other mines have been allowed freedom to dispose of their gold in the open market from July last. Since that time there - has been a large premium on gold and --- Government would like to know if any measures are in contemplation for obtaining the proper market value for gold sold to the Bank of England during the period when gold has commanded a premium ~~in the market~~.

(ii) The revision of the agreement with the Bank of England and the Government of India for the sale of gold to -- them appears to be under the consideration of the Companies. Government would like to know the general lines of the proposed revision with a view to see how their -- position will be affected by the contemplated arrangements for disposal of gold.

(iii) Government desire to have paid to them in India both the Royalty and -- power revenue due to them.

(iv) They would also like to know how the acceptance by the Secretary of State of the recommendations of the Exchange and Currency Committee for linking the rupee to gold and fixing ~~the~~ value at one-tenth of the bullion contents of a sovereign will influence the sale of gold of the Kolar Mines. Should the commercial value of ~~the~~ gold continue to be above the proposed rate of Rs.10 to a sovereign, Government would like to

to know if any arrangements are in contemplation to obtain for ~~the gold~~ it the benefit of the premium in the market.

6f 10 3

I have the honour to be,

S i r,

Your most obedient servant,

Mule 12.3.20

Financial Secretary to Gov

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address :—
"COMMITTEE," OORGAUM.

25558

3147

Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA

MARCH. 22. 1920.

THE FINANCIAL SECRETARY
TO THE GOVERNMENT OF MYSORE,
BANGALORE.

Sir,

SALE OF GOLD TO THE GOVERNMENT OF INDIA.

I have the honour to acknowledge the receipt of your letter, No.Fl.5797/G.F.82-19-20, dated the 17th instant with further reference to the question of the sale of the Kolar Mines Gold production and to inform you that the contents have been submitted to Mr.Henry.C.Taylor who is now on the Field and who instructs me to notify you that he will be very pleased to see Mr.A.R.Banerji, M.A., I.C.S., C.I.E., and to discuss the subject with him. In regard to fixing an appointment Mr. Taylor has just received intimation from London that the pending negotiations with the Bank of England are approaching favourable completion and he hopes to receive cabled advice of their termination about the end of the month. He would therefore propose that the appointment may be deferred until then when he should be in a better position to give Mr. Banerji some definite information.

I have the honor to be,
Sir,
Your most obedient servant,

for SECRETARY & TREASURER.

M.N.

DRAFT.

No Jany

No F(7056/1982-9-26
31st March/20

To

The Secretary & Treasurer,

Messrs John Taylor & Sons Committee,

O O R G A U M.

S i r,

I am directed to acknowledge with thanks the receipt of your letter ~~not dated~~ dated -- the 22nd March 1920 stating that the proposed appointment for discussion of points relating to sale of gold may be postponed -- until about the end of the current month. I am to add that ~~that~~ intimation of results of the favourable conclusion of negotiations with the Bank of England and of the date which will be convenient to Mr. Henry C. Taylor for meeting Mr. A.R.Banerji, M.A., I.C.S., C.I.E., will be awaited.

I have the honour to be,

S i r,

Your most obedient servant

Mull 24-3-20

Financial Secretary.

3/3

D.O. (DRAFT.)

Issued on 15.4.20.

Dear Mr. Taylor,

~~Would~~ Will you kindly let me know when it will be convenient to you to discuss matters relating to the sale of gold of the Kolar Mining Companies ? The last communication from your Secretary and Treasurer was that you ~~are~~ were expecting a cable from London regarding the conclusion of the negotiations with the Bank of England. I do not know if you have heard from London. In any case, I think it will be well, if we meet and ~~talk over matters~~ have an informal discussion of the matter.

Yours sincerely,

First member of Council

Henry G. Taylor, Esq.

14-4-20

GF 92-19-27

I shd from camp.

71 C. 64 & 30th May 20

To

The Secretary & Treasurer,
Messrs. John Taylor & Sons
Committee, O o r g a u m.

S i r,

Government have learnt from an informal conversation wth Mr. Henry Taylor that the arrangements for the sale of gold have been altered from the 14th instant. I am to request you to be so good as to state when a formal communication on the subject, detailing the arrangements for the disposal of gold may be expected.

I have, etc.,

28/5/20

Financial Secy.

Notes on points discussed at the meeting between the First Member of Council and Mr. Henry C. Taylor. on 20.4.20

***

Mr. Taylor stated that he had only heard yesterday by cable from London, regarding the new arrangements with the Bank of England.

2. The chief features of the new arrangement, he said, are the following:--

(i) For one year from the termination of the present contracts with the Government of India and the Bank of England, three-fourths of the production of the Mines is to be sold to the Government of India at the sterling rate for gold bullion in the London market, and one-third of the sale proceeds is to be given to the Companies in sterling in London, and the balance of two-thirds in India in rupees at the average rate of exchange of the month concerned.

(ii) The Companies to have freedom to dispose of in the open market the remainder of 25 per cent of their production.

(iii) After one year the Companies to have freedom to do nothing of their production in any way like

3. As regards royalty payable to us, Mr. Taylor suggested that it might follow the arrangement in regard to the sal of gold, i.e., the proportions of royalty corresponding to the sale proceeds received by the Companies in sterling and in rupees may be paid in London and in India respectively.

4. Mr. Taylor admitted that for the present, India was the best market for the sale of the released portion of 25 %

5. We shall receive from 14th May 1920, 75 % of the -- Royalty in India and 25 in London. As the sale will be at the market rate and not at the regulation rate of £3-17-9 per standard ounce, or any fixed rate as under the present

contract with the Government of India, we may expect to get the benefit of the premium which gold bullion will ~~is now~~ commanding in the London market. Mr. Taylor was asked whether any forecast however rough, could be made of the price at which gold would be sold during the period of 12 months for which the new arrangement is made, but he said that the conditions of gold bullion market were so unstable that no useful estimate was possible.

6. It was considered that in view of the conditions of new arrangements for sale of gold the proposal of Mr. Taylor in regard to the payment of royalty might have to be accepted.

7. Mr. Taylor desired to know if the Mysore Government had any idea of buying the 25 per cent. of gold which the Companies were free to sell in the open market. He was asked whether he meant that the sale should be at the price prevailing in the London market or in the Indian market. He stated that of course he meant sale at the price in the Indian market Under such conditions it was considered that there was no object in the Mysore Government buying this part of the gold. Mr. Taylor was however informed that should there by any need for the Mysore Government to buy the whole or any part of this gold they would communicate with the Companies in the matter.

8. Next the question of royalty on dividends was taken up. It was considered that there were no important points to be discussed in this connection as the calculation of this part of the royalty depended upon the amount of dividends declared from time to time. The question of place of payment of this part of the royalty did not come up in the course of discussion.

9. The most important point discussed was how the position in regard to the price of electrical power payable by the Companies should be considered as affected by the new exchange conditions. It was urged that the pound sterling contemplated in the Power Contracts was that convertible into gold and that it therefore represented a sovereign, and not the paper pound

or the depreciated sterling. It was added that it was not -- fair that the Mysore Government should submit to loss involved by the payment of the price of power in depreciated sterling, an arrangement under which they would get Rs.10 or even less per pound, instead of Rs.15. The expenses of the Electrical Department are incurred in rupees and these have even been increased as the prices and wages have gone up.largely. With -- increased working expenses the net revenues of the Electrical Department would be substantially reduced if the bulk of such revenue paid by the Companies was subject to the shrinkage implied by the permanent reduction in the rupee equivalent of the pound sterling to Rs.10, and by the further shrinkage -- involved by the exchange rate being above 2s. per rupee. It was also pointed out that when the Companies sell their production at a premium the payment of the price of power in depreciated sterling would lead to their retaining the whole benefit when a part of it was reasonably due to the Mysore Government to compensate them for the reduced value of sterling. Mr. Taylor admitted that the new exchange conditions had hit the Mysore Government hard in regard to the price of electric revenue. He however added that it was a matter of contract and that he could not give any definite reply to us and that he would -- place our view of the matter before his firm in London.

10. The point relating the payment of power revenue also in India was considered. Mr. Taylor did not make any definite statement about it.

P.S.--The proposal about the payment of royalty in bullion was considered impracticable by Mr. Taylor.

21.4.20

Notes on points for discussion with

Mr. Henry C. Taylor.

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1. **New arrangements for sale of gold.--**

(a) **Will the system of selling half in London and the other half in India continue?**

(b) **If so, will the sale be to the public or to the Bank of England and the Government of India ? If to the latter two, at what rates ? And what is the term of the new contract ?**

Notes made from Mr Taylor's replies.

no sale

3/4ths to Govt of India at the London bullion market rate and 1/4th in the open market for the best price that can be had only

for one year from date of termination of present agreement - only may follow the arrangement for receipt of sale proceeds by the Companies now

2. Payment of entire royalty in India.--

(a) How is this request of the Mysore Government proposed to be dealt with by the Companies ?

(b) If the whole of the production is sold in India, no difficulty in paying royalty here will arise.

(c) If, however, any share of it is sold in London, how will the Companies arrange to pay the royalty calculated upon such share to the Mysore Government in India ?

vide remarks against 2 (a)

(d) Under the lease royalty is not payable in London. Recent exchange and currency difficulties have emphasised the need for payment in India. Whatever is the portion sold in India, payment of the whole royalty to the Mysore Government in India has to be arranged for.

do

3. **Payment of price of electric power.--**

(a) **The Mysore Government have asked for payment of price of power also in India.**

do

(b) How is this request of theirs proposed to be dealt with by the Companies ?

no definite answer made

(c) According to the contract, this item is payable in London but exchange difficulties have compelled the Mysore Government to ask for payment in India.

(d) If the whole of the gold is sold in India, there will be no difficulty in paying even this revenue there.

do. made

(e) Even if the whole is not sold, the share to be sold there may be so regulated as to enable the Companies to pay the price of power as well, in India.

do made

(f) The price of power is fixed in pounds sterling. If it is to be paid in India, what rate of exchange is proposed to be adopted ?

do -

(g) At the time ~~that~~ the contract was entered into, there was no distinction between a pound sterling and a sovereign It has to be assumed that the pound sterling contemplated in the contract is that convertible into gold. This assumption is supported by the fact that the price of electric power is really paid from the production of the Mines which is gold. When sterling is depreciated, the payment of the price of power in depreciated sterling to the Mysore Government would mean undue advantage to the Companies and undue disadvantage to the Mysore Government. When gold is sold for more than £ 3-17-9 per standard oz., the Companies realise a price much higher than the normal value calculated

Mr. Taylor admitted that the new exchange conditions had hitherto hard - He said he would place this aspect of the matter before his firm in London made

in sterling and when they realise such value, if they pay to the Mysore Govt. the same number of pounds sterling as before, the advantage is entirely with the Companies. Such an arrangement is not fair. When gold is sold for a higher value, it is reasonable that the price of electric power should be raised in the same proportion. This arrangement, however, makes the price of electric power to be paid to the Mysore Government fluctuating. It is desirable to have a stable arrangement and it may take the form of giving to the Mysore Government 113·0016 grains of fine gold for every pound per H.P. contemplated in the agreement or the rupee equivalent of such gold bullion.

4. Royalty calculated upon dividends.- Even this has to be paid in India. The same arrangement as in regard to the price of power for calculating the amount in gold payable to the Mysore Government and for converting such gold into rupees may be adopted.

no definite answer. The request for bullion or Sovereigns for this part of royalty is not being made

5. If the arrangement under which gold is being sold to the Bank of England at £ 3-17-9 per standard oz., continues for any longer period, cannot the Companies give us the royalty payable upon out-put in bullion instead of in sterling ? Receipt of royalty in bullion brings some advantage to the Mysore Government and it has, therefore, to be arranged for at once. If the

only for about a month more - matter not discussed further.

It was not considered expedient to Commit Cake Nos to the Companies

Companies

Companies agree to pay us in bullion, arrangements will have to be devised for receiving it in London and disposing of it there. If, however, it is possible for the bullion to be made over to us in India, it is a much better arrangement and if possible, we have to ask the Companies to agree to it.

6. Even after the South African and other Companies were permitted to dispose of their gold in the open market, the Kolar Companies have been selling their gold at the low price of £ 3-17-9 per standard oz. to the Bank of England. It has to be ascertained whether they propose to obtain any compensation from the Bank of England for the low price at which gold was sold to it. If any compensation can be obtained, we shall get a share of it as the value of the output measured in sterling sale proceeds will be larger and our share of royalty correspondingly greater.

The arrangement of sale partly to GI and partly to the Bank of England is under one agreement with the latter and no question of Compensation arises as on the whole the Companies got fair value for their gold

7. If the Government of India do not give us the permission to ~~[illegible]~~ export -- sovereigns here, we shall have to buy bullion in London and bring it over here. To save the trouble and risk of buying bullion in London, we may ask the Companies to sell their gold production to us here against payment by us in London from our balance with Messrs Coutts & Co. This arrangement, of course, requires the permission of the Bank of England to free

not considered expedient to discuss this point with the Companies at present only

the

the Companies from their obligation to sell their production to the Bank and leaving them to sell it to us here.

8. We may also ask Mr. Taylor as regards the conditions on which sovereigns can be obtained from the Bank of England and those on which their export can be arranged for. We might incidentally mention that as the gold was sold for the gold price of £ 3-17-9 per standard oz., the moral claim of the Companies and the Mysore Government to ask for gold in return for notes is strong. There is, of course, the legal right also as specie payment has never been suspended by the Bank of England.

9. We have also to make a general enquiry of Mr. Taylor in regard to the influence of the new currency policy of the Government of India. Should the commercial value of gold be in excess of the proposed parity of one rupee for 11.3 grains how do the Companies propose to obtain the premium which gold will command in the market?

the Notes that holders of Bank of England & Currency notes had the right to demand gold from Bank of England. only

The value of gold in rupees had gone down as the result of the new exchange policy & the reduction had already been given effect to so far as external exchange was concerned & it would operate in India also as soon as the statutory rate is reduced to 1sh 6d and free import of gold is allowed

only

20/4/20

G.R.S. III—9

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

No. 3995

I 100

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

32437

Telegraphic Address :— "COMMITTEE" OORGAUM.

2 JUN 1920

19 19 20

Section GF

File No. 82-19

Serial No. 28

(Messrs. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
PROVINCE OF MYSORE,
INDIA.

MAY. 31. 1920.

THE FINANCIAL SECRETARY
TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,
BANGALORE.

Sir,

SALES OF GOLD IN INDIA.

YEAR COMMENCING MAY. 15th. 1920. I have the honour to acknowledge receipt of your letter, No.Fl.C.64, of the 28/30 th instant, and, in reply to your enquiry, to quote below, for the information of the Government of His Highness the Maharaja of Mysore, extracts from Messrs John Taylor & Sons' letters of the 8th 15th April last to the Committee, viz :--

"Since writing to you by last mail on the subject of Sale "of Gold in India, we have received a letter from the India Office "dated the 9th April, a copy of which is herewith enclosed, and "from this our Committee will note that until further notice, the "Government of India will purchase three-quarters of the Indian "Mines Gold output, at the World's market price ruling in London "at the average rate prevailing during the month of delivery, "payment for the Gold to be according to Assay and Weighment "report by the Indian Mint Authorities, the Companies being free "to sell the remaining 25% , and with full discretion as to the

"method of disposal.

"With regard to the 75% to be taken by the Government "of India, it will be observed from the India Office's "communication that two-thirds of the proceeds of this 75% "will be paid for in India, and one-third payable in London".

"The rate of Exchange for the conversion of Sterling into "Rupees is to be according to the average of the rates at which "telegraphic transfers on India have been sold by the Secretary of "State for India during the calendar month in which the gold has been "delivered, or, if there have been no such sales, then the average "of the telegraphic selling rates for Rupees on Calcutta during the "month of delivery shall be taken."

The 25% to be disposed of in the "Outside Markets" will, for the time being, be sold at the best price obtainable in Bombay, and through the National Bank of India, Limited, who, I would mention, have recently been appointed Selling Agents to the Kolar Companies.

Payment for this 25% will be made in Indian Currency in Bombay.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY & TREASURER.

No 71863

G782-19-29

Bangalore,

7 Septr 1920.

To

The Secretary and Treasurer,
Messrs. John Taylor & Sons Committee
Oorgaum, (Kolar Gold Fields).

S i r,

Signed by me
M N Krishnan

I am directed to acknowledge, with thanks, the receipt of your letter dated the 31st May 1920, forwarding an extract of the letter dated the 15th April 1920 from Messrs. John Taylor and Sons communicating the terms of their revised agreement with the Government of India in regard to the sale of three fourths of the gold extracted from the Kolar Mines as well as the arrangement for the disposal of the balance through the National Bank of India.

2. I am to state that the Durbar trust that in accordance with the decision already arrived at in the meeting between Mr. Henry Taylor and the First Member of Council on 20th April 1920, arrangements will be made to pay the Durbar in India the royalty on three-fourths of their total production for which the companies receive payment in Indian currency.

3. I am to add that the Durbar hope the receipt of three-fourths of the price of their total gold out-put in Indian money will enable the companies to meet the Durbar's further request for the payment of the price of electric power also in India, at

at least, so long as the present arrangements for the disposal of their gold continue. The Durbar are aware that Messrs. John Taylor & Sons have arranged to obtain a considerable part of the value of the Kolar Gold in rupees in India in order to avoid the inconvenience and loss incidental to the transfer of funds from England to India to meet their working expenses here. The Durbar have also been exposed to the same difficulties in the conveyance of funds paid into their account with their bankers in London and would be gratified with any help calculated to minimize such conveyance as much as possible by the payments due to them being made directly in India.

4. The Durbar are aware that the clause relating to the payment for electric power in the Agreement provides for the payment of the price being made in London. But it is well known that, at the time this agreement was entered into, there was no difficulty or risk of loss in the transmission of funds from England to India and it was practically immaterial whether payment was made in England or India the exchange being fixed. Circumstances have altered a great deal since that time necessitating the companies to make arrangements for receiving three-fourths of their revenues in India itself. The Durbar would therefore urge the reasonableness of their request for payment of power revenue in India, avoiding thereby the risks and losses consequent upon the fluctuating exchange.

participate in the advantages they have derived by the avoidance of any necessity to transfer funds from England.

5. The difficulties connected with the transfer of money from England to India and the fluctuations in the exchange value of the rupee, which have been brought about by the war, have not only rendered it important for the Durbar to avoid, as far as possible, receiving their revenues in sterling but have also made it necessary to put on a more satisfactory basis the agreement relating to the currency in which the price for electric power is payable. Under clause 12 of the agreement, the payments for electric power are to be made in pounds sterling in London, but since the date the earliest agreement with the mining companies was entered into in June 1900, the ratio of exchange between the pound sterling and the rupee has been so fixed by law that, as I have stated already, it was immaterial in what currency, whether English or Indian, the consideration for contracts with English companies carrying on work in India was fixed. Between the period commencing with June 1900 when the first agreement with the companies was signed and up to August 1913, the date of the latest agreement the pound sterling in England was indistinguishable from the sovereign and was legally convertable into gold on demand. While the Government of

Para 21 of Report of Royal Comm on Currency 7C. X

India Act XXII of 1899 made the sovereign legal tender throughout India at Rs.15 to the pound. Under this enactment the Government of India bound themselves to pay fifteen rupees for every sovereign tendered at their treasuries while the Bank of England in London was obliged by law to pay in sovereigns for every pound sterling delivered to them. The legal enactments I have referred to established an absolute parity between the sovereign and the rupee incapable of being affected by the fluctuations of international trade beyond the actual cost of transferring gold from England to India. It will be seen therefore that as the exchange was settled by law no question was ever raised in all the negotiations regarding the sale of power either as to the currency or the place in which the payment should be made and the intention of the parties was clearly to give and to receive a value for power which during the currency of the Agreement, taking human probabilities into consideration, could not depreciate.

6. While no questions were raised as to the currency of payment, the entire negotiations regarding the rate payable for electric power disclose that it was entirely fixed with reference first, to the initial cost of establishing a Hydro-electric installation at Sivasamudram and later on, to the cost of running such an installation after providing for a reasonable return on the capital. When Captain A.J. De. Lotbiniere interviewed the companies in London in 1899 with a view to ascertain whether they were prepared to substitute electric power for

for steam power with which the mines were then worked, he was informed that the actual cost per day and night Horse Power generated from coal in India to the companies was Rs. 450 per annum or £30 at the established rate of exchange. In the agreement that was entered into as a result of his negotiations, it was provided that the payment for the first year of electric supply should be at the rate of £29 per Horse Power per annum, for the 2nd, 3rd and 4th years at £18 H.P., for the 5th year at £24 per H.P. and as it was expected that Government would be recouped to some extent for the initial cost of the works by these rates after five years of supply, it was provided that thereafter the rate should be £10 per H.P. per annum which is exactly equivalent to 1/3 of the cost which the mining companies were hitherto paying for power generated from coal. Low as the rate was, the Government agreed to it at the time as it yielded Rs.150 per Horse Power which, compared to the cost of generation of electric energy and the general level of prices at the time, promised a resonable return on the capital expended by them. Again in 1910, at the urgent request of the Mining companies, the Government undertook the construction of the Krishnaraja Sagara Reservoir in order that the supply of power to the companies may be increased and the whole of the power supply to the Field protected in such a way as to

for steam power with which the mines were then worked, he was informed that the actual cost per day and night Horse Power generated from coal in India to the companies was Rs. 450 per annum or £30 at the established rate of exchange. In the agreement that was entered into as a result of his negotiations, it was provided that the payment for the first year of electric supply should be at the rate of £29 per Horse Power per annum, for the 2nd, 3rd and 4th years at £18 H.P., for the 5th year at £24 per H.P. and as it was expected that Government would be recouped to some extent for the initial cost of the works by these rates after five years of supply, it was provided that thereafter the rate should be £10 per H.P. per annum which is exactly equivalent to 1/3 of the cost which the mining companies were hitherto paying for power generated from coal. Low as the rate was, the Government agreed to it at the time as it yielded Rs.150 per Horse Power which, compared to the cost of generation of electric energy and the general level of prices at the time, promised a resonable return on the capital expended by them. Again in 1910, at the urgent request of the Mining companies, the Government undertook the construction of the Krishnaraja Sagara Reservoir in order that the supply of power to the companies may be increased and the whole of the power supply to the Field protected in such a way as to

to render an interruption in same impossible." The rate for such protected power was finally fixed in the agreement dated the August 1913 at £12 per H.P. for the first ten years so as to afford by means of the extra 2 pound rate a temporary return of about 7.5 per cent. on an expenditure of about 100 lakhs of rupees estimated to be required for the reservoir and the connected works at the Hydro Electric installation.

7. I have briefly given above the genesis of the flat rate of £12 per H.P. which now holds good temporarily for ten years after the power supply was guaranteed to the companies. I am directed to explain that even while this rate meant an yield of Rs.180 per H.P. according to the hitherto established rates of exchange, the net return to Government, which was never very large has gradually diminished to a very modest figure owing to an immense increase in the expenditure over estimates on the reservoir and the enormous rise in prices since 1913.

8. The financial advantages to the companies of the use of electric power have on the other hand been much greater than those derived by Government. From the very commencement they have obtained power at rates which have compared very favorably with the actual cost at which they were generating steam power but after five years of supply when the rate of £10 per H.P. came into operation the companies

companies have enjoyed the unique advantage of obtaining power at one-third of what it was previously costing them. The low cost of power has not only enabled the companies to deal with low grade ores but the constant speed of electric motors, night and day, have appreciably increased production so that the gain to the companies has undoubtedly been several times the price they have paid for power.

Sec 26 of Indian Income-tax Act of 1910 (Cap 8.

Also Mayor Delhi Income-tax Circular dated 27-5-1920 to Taylor (page 8 in Part file 130)

9. I am desired to point out that while the advantages of the electric power scheme ~~were~~, owing to the circumstances referred to above, ~~became~~, gradually becoming more and more one-sided, the alteration in the legal rates of exchange now announced by the Government of India absolutely threatens to wipe out all return to Government, and converts the scheme into a source of loss. The companies are ~~undoubtedly~~ aware that the Government of India have recently demonetised the sovereign and have announced their intention to introduce a bill with a view to make the sovereign legal tender in India at the rate of Rs.10 per sovereign. The Companies, of course, know that the pound sterling in England is heavily depreciated in terms of gold and it is not possible to foresee at present when it will regain its parity. In case therefore the companies were to hold that they are entitled to make payments only in pounds sterling in London, the Durbar in transferri

transferring the payments from England [illegible] will have to bear the loss of converting the pound sterling into sovereigns and also the further loss due to the reduction in the rupee yield of sovereigns by 33 1/3 per cent. owing to an alteration in the legal rates of exchange. As I have stated already, these totally unforeseen and unjustifiable losses extinguish all chances of a return to Government and completely alter the whole financial character of the Cauvery Power Scheme.

10. I am therefore directed to point ıt that in consequence of the fact that ıe rates for electric power, although fixed ı the agreement in pounds sterling, were determined with reference to cost of the generation of power in India, that is, an expenditure necessarily measured in terms of rupees, and that the ratio of exchange between rupees and sterling was fixed by law at the time of the agreement so as to make the currency of payment an unessential part of the agreement, the Durbar will be glad if the payment for electric power is in future made to them in rupees so as to yield a revenue of fifteen rupees for every pound sterling stipulated in the agreement of August 1913 and a draft of the necessary modification in the agreement forwarded to them for approval. The Durbar do not believe that the companies will seriously maintain that they are entitled to make payments in

in pounds sterling at the rates stipulated in the Agreement in spite of legal alteration in ratio of exchange and thus reduce the working of the Cauvery Power Scheme which has been of such inestimable benefits to them to become a source of serious financial loss to the Durbar. In a perusal of the entire negotiations between the Mining Companies and the Durbar regarding the sale of electric power, nothing is more clear than the fact that while speaking in pound sterling, both parties had always had in mind the equivalent yield in rupees, for, the expenditure of the companies in India in respect of Power generation as well as those of the Durbar was all incurred in rupees and no party had the remotest notion that the ratio of exchange fixed by Law would ever be altered.

11. The Durbar believe that the fixed legal ratio between the pound sterling and the rupee existing at the time the contract was entered into between the companies and themselves, which none of the parties could suppose would ever be altered, must be regarded as a fundamental point in any attempt to construe the contract as to the rates payable for electric power.

12. In conclusion I am to add that when the First Member of Council, Mr. A.R. Banerji, C.I.E., I.C.S., discussed this

this question with your Mr. Henry Taylor last, all these circumstances were clearly explained to him and the Durbar trust that they will now be favoured with a satisfactory answer to this reference after referring the matter to him.

31.8

I have etc.

G.R.S. III—3]

Routine Notes.

ALL COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:-
"COMMITTEE" OORGAUM.

MESSRS. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
SOUTH INDIA.

No. 1464

SEPTEMBER 10. 1920.

THE FINANCIAL SECRETARY
TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE
BANGALORE.

SIR,

FACILITIES DUE TO THE GOVERNMENT OF MYSORE IN REGARD TO ROYALTY AND CALVERT POWER.

I have the honour to acknowledge receipt of your letter, No.Fl.1063/CF.20-10-20, of the 7th instant, and to state that a copy of your communication was forthwith attached to Messrs John Taylor & Sons' for their consideration and instructions thereon yesterday.

Pending the receipt of their reply, the question raised by Government concerning the rate to be paid for Calvert Power will have to remain in abeyance.

As regards Royalty, I am pleased to advise that a Cablegram has received from London Managers this morning, instructing their Kolar Superintendents to pay, on this side, the whole of the Royalty due to the Government of Mysore on the total production of Gold from the 1st September 1920.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY & TREASURER.

G.R.S. 26]

File No. 918249.

Serial No. 31.

Diary No. of letter replied to

No. JC 2765
& 7 Oct 20

General and Revenue Secretariat
( )
, *the* 19

To

The Comptroller

Sir,

I am directed to forward herewith for your information and necessary action copy of letter dated 10.9.20 from messrs John Taylor & Sons' Co in the matter of the payment of the whole of the Royalty due the Govt of Mysore from on the Total production of Gold 1.9.20.

I have etc

18
5/10/20
for Secy

Date of issue 7 Oct

Signed by [illegible]

5/10

over.

SUBJECT.

[illegible] 8/10/20.

No. 2260

19 — 19
Section. 82-19
File No.

Please address all future communications to the Comptroller to the Govt. of H. H. the Maharaja of Mysore.
In reply to this Comm. please refer to
No. 661/Books.

OFFICE OF THE ~~COMPTROLLER TO THE~~ GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF ~~MYSORE.~~

Dated, Bangalore, the 8th Nov 1920.

FROM

T. Satyaraj Chetty, Esq., B.A.,
~~M. N. KRISHNA RAO, ESQ., B.A.,~~
~~*Offg.*~~ *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To

M. N. Krishna Rao, Esq., B.A.,
Secretary to the Government of Mysore,
Financial *Department.*

SIR,

I have the honor to state that in May 1919, the Mining Companies on the Kolar Gold Fields entered into an agreement with the Government of India, whereby approximately one half of the gratuity of gold produced was sold to the Government of India at a fixed rate of Rs55-8-0 per oz., of standard gold, and the other half to the Bank of England at £3-17-9 per oz., of standard gold. This arrangement was in existence till May 1920, when the present arrangement as detailed by Messrs. John Taylor and Sons Committee in their letter No.nil dated 31st May 1920 forwarded with your letter No.257 dated 13th July 1920 was brought into effect.

The Balaghat and Oorgaum Gold Mining Companies sent up their bills for 5% rebate on expenses during the period, in which they had taken the rate for conversion of sterling expenses into rupees at 1 Sh 4 13/16 d. per rupee. This represents the rate at which £3-17-9 converted into rupees would give Rs55-8-0, the rate at which 1 oz., of standard gold was sold by the Companies. The rate of exchange prevailing during the period varied from 1 Sh. 6 d. to 2 Sh. 8 d. per rupee.

In

In reply to a reference in the matter made to Messrs. John Taylor and Sons Committee, Oorgaum, (Vide copy of this office letter No.310/ Books dated 16th August 1920, enclosed) the Secretary and Treasurer - intimated in his letter dated 27th August 1920, (copy enclosed), that the Superintendents of the Mining Companies have been instructed to - adopt the same rate for rebate claims as appear in the Committee's - Account of Gold Sales Returns ~~immediate~~ issued monthly ly from their office.

To avoid the question of exchange I suggested that the 5% rebate on the Sterling expenses may be arranged to be paid for in London, but as the Secretary and Treasurer, Messrs. John Taylor and Sons Committee, informed me that my proposal was not acceptable to the Mining Companies I have arranged for the payment in accordance with the claims preferred by the Mining Companies ~~and returned the passed bill unsashed~~.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

8/VI

MSR/8-11.

Copy of letter No.310/Books dated 17th August 1920, from the Comptroller in Mysore, Bangalore, to the Secretary and Treasurer, Messrs. John Taylor and Sons Committee, Oorgaum.

======

With reference to your letter dated 27th July 1920 forwarding explanations of Mining Companies in regard to the rate of exchange adopted in the bills for 5% rebate on expenses of the Mining Comapnies, I have the honor to state that in order to avoid difficulties arising from the fluctuations in ~~respect~~ rate of exchange I would propose that 5% of the sterling expenses incurred by the Mining Companies in England be paid to the Home Office of the Mining Companies in London. I shall therefore be obliged by your kindly ascertaining ~~him~~ them the Mining Companies if this may be done

I request the favour of an early reply.

========

for Superintendent, Records Section,
Comptroller's Office.

MSR/8-11.

12393

Copy of letter dated 27th August 1920, from the Secretary and Treasurer Messrs. John Taylor and Sons Committee, Oorgaum, to the Comptroller to the Government of Mysore, Bangalore.

==========

5% Rebate on Gold Expenses.

I have the honor to acknowledge receipt of your letter, No.310/Books of the 16th instant, and to state, in reply, that the Superintendents of the several Mining Companies on the Kolar Gold Field have been requested to take the same rate of Exchange for these claims as appear in the Committee's - Account of Gold Sales Returns issued monthly from this office.

This procedure should ensure uniformity throughout.

The Committee regret being unable to adopt your suggestion as to making these adjustments in London.

=======

Superintendent, Records Section,
Comptroller's Office.

MSR/8-11.

COMMUNICATIONS TO BE ADDRESSED TO THE SECRETARY.

Telegraphic Address:-
"COMMITTEE" OORGAUM.
REGISTERED.

MESSRS. JOHN TAYLOR & SONS' COMMITTEE,
OORGAUM,
SOUTH INDIA,

DIARY No. 2587

DECEMBER. 7. 1920.

THE FINANCIAL SECRETARY
TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,
B A N G A L O R E.

Sir,

PAYMENTS DUE TO THE GOVERNMENT OF MYSORE IN REGARD TO ROYALTY AND CAUVERY POWER.

With further reference to your letter, No.Fl.1863/GF. 82-19-29, of the 7th September last, I have the honour to enclose herewith for your information copy of a letter received by the last English Mail from Messrs John Taylor & Sons, receipt of which I will thank you to acknowledge at your early convenience.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY & TREASURER.

K.

concerning the various transactions arising out of the Companies' operations on the Kolar Gold Field, we regret that in this instance the Companies cannot see their way to vary the definitely expressed terms contained in the Cauvery Power Agreements for the supply of electrical power.

Yours faithfully,
Sd/- John Taylor & Sons.

Forwarded for the information of the Financial Secretary to the Government of His Highness the Maharajah of Mysore, Bangalore.

SECRETARY & TREASURER.

U.P. 2.

3.

John Taylor & Sons. 6, Queen Street Place,
London, E.C.4, 18th November 1920.

C. B. BENNETTS ESQ:,
SECRETARY,
MESSRS JOHN TAYLOR & SONS' COMMITTEE.

Dear Sir,

We thank you for your three letters as follows:-

One dated 14th October in regard to "Betamangalum Water".
" " 20th " do "K.G.F. Electricity Department".
" " 27th " do "Payments due to the Mysore Govt".

with enclosures, and we have noted the contents.

CAUVERY POWER. With further reference to your letter of the 9th September last covering copy of a communication, dated the 7th September, from the Mysore Government respecting payment of Cauvery Power Bills by the Companies in India in Rupees upon an exchange basis of 1s/4d per Rupee, we have carefully considered in detail the various points put forward in support of this proposal, and, much as we wish at all times to respond to any special requests made by the Mysore Government

D.O.No. 282

Financial Secretariat,

Bangalore, the 10th February, 1921.

Dear Mr. Forbes,

I shall be obliged if you will kindly let me know what it costs us, taking all items into account, to deliver power to the Mines and how such cost compares with the price that we get from the Mines under the present agreement and the new exchange rate of 2 sh. the rupee.

Yours sincerely,

P.S.--

I find that you have left your pencil here and I am sending it with this letter.

To

S. G. Forbes, Esq., B.Sc., E.& M.E., A.M.I.E.E., etc.,
Chief Electrical Engineer to Govt., Bangalore

Issued

IN REPLY REFER TO
No. 84
ENCLO. 1

GOVERNMENT OF MYSORE.

ELECTRICAL DEPARTMENT.

D 3602

Telegraphic Address:
"GOMED"

Codes Used
BENTLEY'S, LIEBER'S
A. B. C 5TH EDITION.
BUSINESS TELEGRAPH CODE.

OFFICE OF THE CHIEF ELECTRICAL ENGINEER,

Bangalore, March 192

81.35

Dear Mr. Krishna Rao,

With reference to your D.O. No.282 dated 10th February 1921, I am attaching herewith a statement showing the relative cost of power supplied to the Mining Companies and the revenue derived therefrom on the basis of Rs.10 = £1/-. If the comparison is made on the basis of Rs.15 = £1/-, then item 11 should be increased by 50 per cent.

I hope this information will be what you desire.

Yours sincerely,

M. N. Krishna Rao, Esq., B.A.,
Financial Secretary
to Govt. of Mysore,
BANGALORE.

SGF-CSC.

1919-1920.

Power generated at Sivasamudram B.T.U. 112,047,210

1. Sivasamudram actual cost per B.T.U. = annas .09

2. Power delivered at Sivasamudram to Kolar Lines .. B.T.U. 95,588,000

3. Total cost of (2) = Rs 5,39,000/-

4. Power received at Kolar B.T.U. 85,355,000

5. Cost of Transmission Line maintenance & operation. = Rs 34,534/-

6. Cost of K. G. F. Transformer station = Rs 52,539/-

7. Add 3 plus 5 plus 6 = Rs 6,26,073/-

8. Cost at K.G.F. Transformer station 7/4 = $\frac{\text{Rs } 6,26,073}{\text{B.T.U. } 85,355,000}$ = annas .1175 per B.T.U.

9. H. P. year = £12/- at Re.1/- = 2/0 = Rs20/-

10. 1 H.P. year = 8760 H.P. Hours.
= 6540 B.T.U.

11. 1 B.T.U. = .2935 annas Revenue received from the mining companies

12. Profit = 11 minus 8 = (.2935 - .1175) = .1760 as.

G. T. Morgan

No 7162/48
3782-13
15 April/21

Dear Sir,

With reference to your D.O.No.84 dated 11th March 1921 - forwarding a statement showing the relative cost of Power supplied to the Mining Companies, I am desired to request you to furnish -- further information on the following points :-

(1) Details as to how the cost of generation at Sivasamudram (.09 anna per unit) is worked out may be given.

(2) Whether interest on the outlay on Krishnarajasagara is included in the cost of Generation may be intimated. If so what is the rate of interest charged.

(3) The rate of £ 13 per Horse power assumed for calculating income will have effect for a period of 10 years and in respect of the " Guaranteed power" only. Should not the rate of £ 10 per Horse Power which would hold good till the termination of -- agreement in 1930 be taken into calculation in considering the question of the permanent loss which will be inflicted on the - State by alteration in exchange.

The favour of an early reply is solicited.

Yours sincerely,

Fair draft 14.4.21

To

S.G.Forbes, Esq., B.Sc.,
Chief Electrical Engineer in Mysore.
Bangalore.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

*Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, the 191 .

Date of issue.....

Signed by.....

File No.

Serial No.

No.

To

Sir,

In reply to your D.O. No. 8431/3.21. forwarding a statement showing the relative Cost of power supplied to the Mining Companies, I am directed to say that the Board has not got the figures showing the cost of generating power at Sivasamudram and Shimsha. The Board will furnish the information as soon as it is available.

I am, Sir,
Your most obedient servant,
Secretary.

over.

Nov 2 1914

[illegible] interest on the

outlay on M.R. Sagara is included

in the cost of generation and

the rate of interest charged.

I am also further to suggest

3) that [illegible] per H.P., [illegible]

with [illegible] for a period

of only 10 years and in respect

of the guaranteed power only.

And if the rate of [illegible]

per H.P. [illegible] till the

termination of agreement in the

[illegible] be taken into consideration

also in considering the question

of the permanent loss which

will be inflicted on the State by

alteration in exchange.

I shall be thankful for the favour of an early reply.

Yours faithfully,

Sd/- Forbes.

Chief Engineer in Mysore.

11/4

Reg. No. of letter in Secretariat

SUBJECT.....

Name of correspondent

Date of letter

Date of issue

Signed by

List of enclosures.

Copied by

Examined by

13958

IN REPLY REFER TO No. 6870 ENCLO.

GOVERNMENT OF MYSORE.

ELECTRICAL DEPARTMENT.

Telegraphic Address : "GOMED."

Codes Used LIEBER'S A. B. C. 5TH EDITION. BUSINESS TELEGRAPH CODE.

OFFICE OF THE CHIEF ELECTRICAL ENGINEER,

Bangalore 29th October 1921.
(MYSORE, INDIA.)

DIARY No. 2994

To

The Financial Secretary to Government of Mysore,
Bangalore.

3 - NOV 1921

Sir,

With reference to your reminder No.Fl.2374 dated 25th instant, I have the honour to inform you that I have discussed this question several times with the Financial Secretary personally, and therefore considered that the points mentioned in your letter No.Fl.6248 dated 15th April 1921 as having been disposed of.

2.However, I will reply to the points mentioned in this letter as follows:-

1. The cost of .09 of an anna per unit of the power generated at Sivasamudram includes depreciation on the Kolar-Sivasamudram section, of operating and maintenance cost, administration charges, royalty to Madras Government, etc.

2. No interest or depreciation on the expenditure incurred in the construction of K.R.S. Reservoir is included in cost of generation at Sivasamudram for the simple reason that certain amounts of electrical department's revenue is transferred every year to K.R.S., out of which interest and depreciation on the expenditure must be paid.

3. In calculating the revenue received from the Mines per unit of power generated, it was based at the rate of £12/- per Horse-power per year and Rs.10/- per £. I did this advisedly as I believe that by the time the 10 year period is over and the rate drops to £10 per H.P. per annum, the rate of exchange will be approximately Rs.15/- per £, and therefore the revenue per unit of power generated will be greater than at present.

I have the honour to be,
Sir,
Your most obedient servant,

SGF/CSC.

Chief Electrical Engineer